An Emerging Gemstone Miner in Mozambique

MUSTANG
RESOURCES LTD

ASX: MUS

Investor Presentation 21 March 2017

Christiaan Jordaan, Managing Director

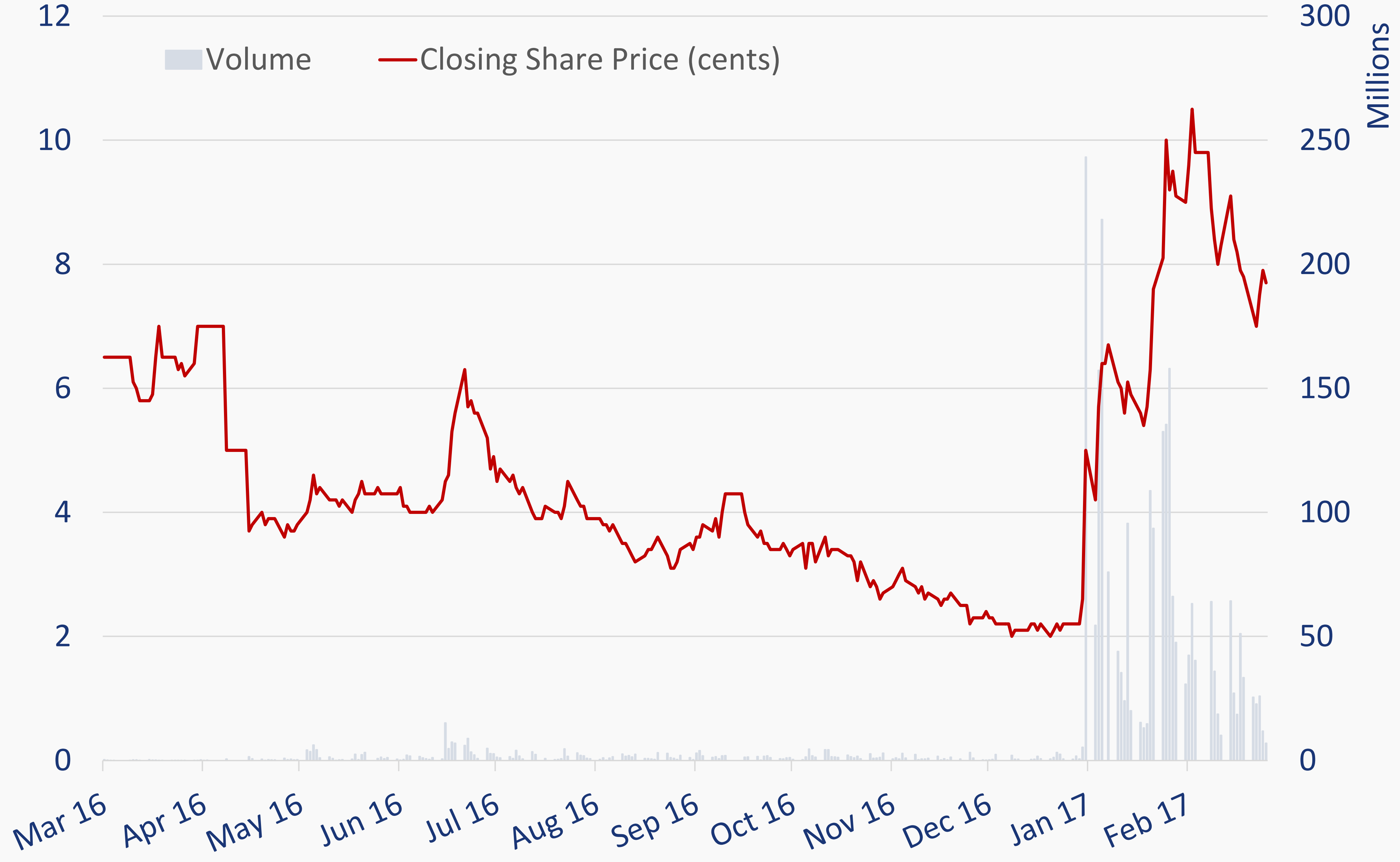
Overview: Mustang Poised For Rapid Growth

- Market Cap: ~A$42million one of only 2 listed ruby miners in the world
- Flagship Montepuez Project located next to London-listed Gemfields (AIM:GEM Market cap: A$400million)
- Multiple ruby deposits identified in 195km^2 land package
- Aggressive drilling campaign to build inventory & JORC Resource in H2 2017
- Throughput rates significantly ramped up following successful plant relocation
- Plant upgrades in April 2017 to further boost processing rates & recoveries in coming months
- Two commercial parcels of rubies totalling 31,221cts exported in Q1 2017
    - Current gem ruby inventory of 37,291cts
- Mustang on track for first sales revenue Q2 2017; larger sales H2 2017
- Acquiring 65% interest in adjacent licence where artisanals are mining gem-quality rubies from a shallow deposit 3km SE from existing plant
- Additional upside from Caula Graphite Project a shallow high grade graphite deposit

Mustang Corporate Overview

MUSTANG RESOURCES LTD	
ASX Code	MUS
Shares on Issue	525,956,516
Unquoted Performance Rights*	14,000,000
Options# (Weighted Average Exercise Price $0,1075)	154,819,173
Share Price (as at 20 March 2017)	A$0.08
Average Daily Trading Volume (30 day @ 20 March 2017)	45,933,240
Market Capitalisation	A$42.08 million

TOP 5 LARGEST SHAREHOLDERS	
Andium Pty Ltd	6.3%
Regius Resources Group Ltd, Mr. C van Wyk & Mr. C Jordaan	5.7%
Citicorp Nominees Pty Limited	2.7%
ABN Amro Clearing Sydney Nominees Pty Ltd	2.0%
ZAV40 Investments Pty Ltd	1.8%



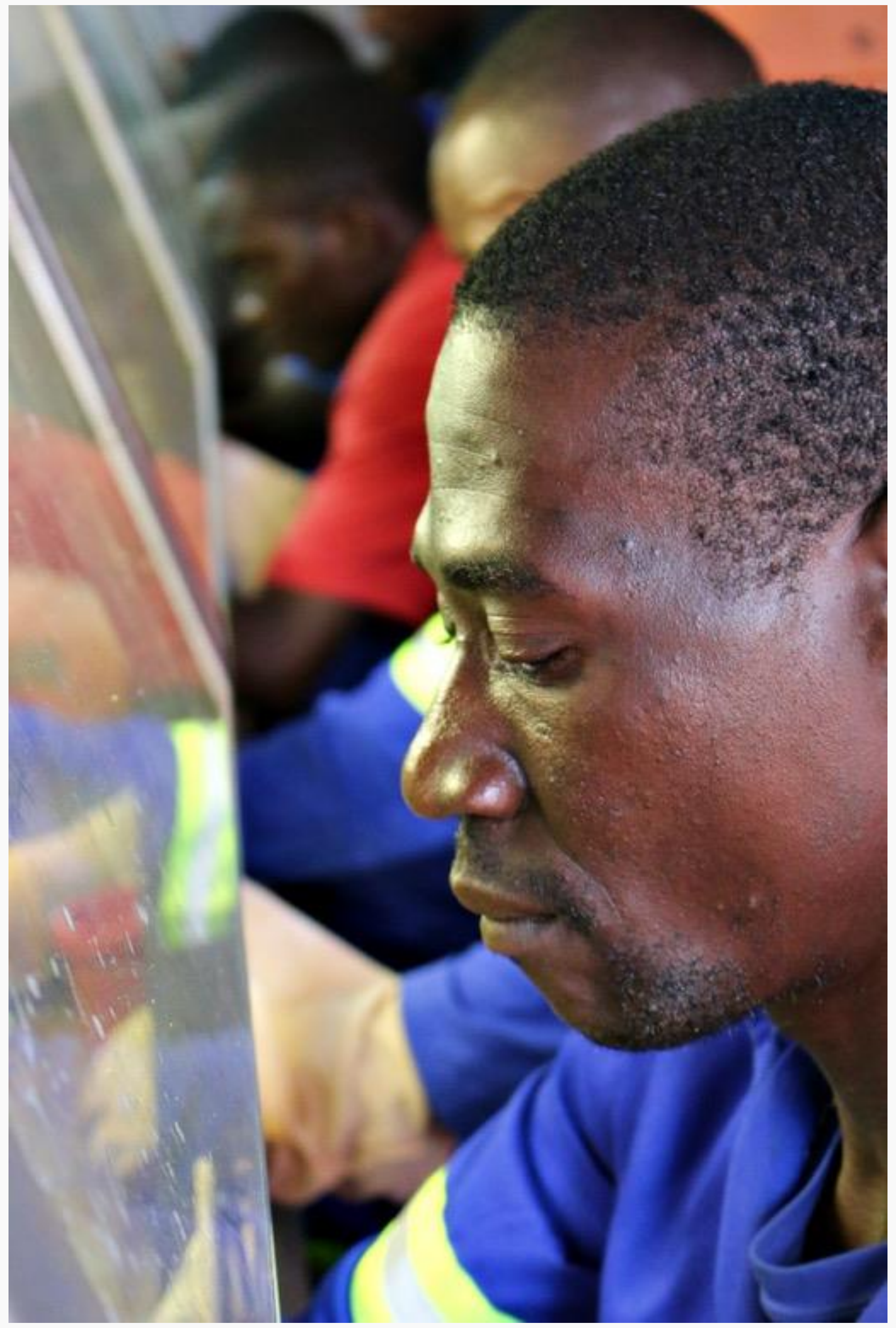
Directors: I. Daymond (Chairman), C. Jordaan (Managing Director), C. van Wyk (Non. Exec)

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.

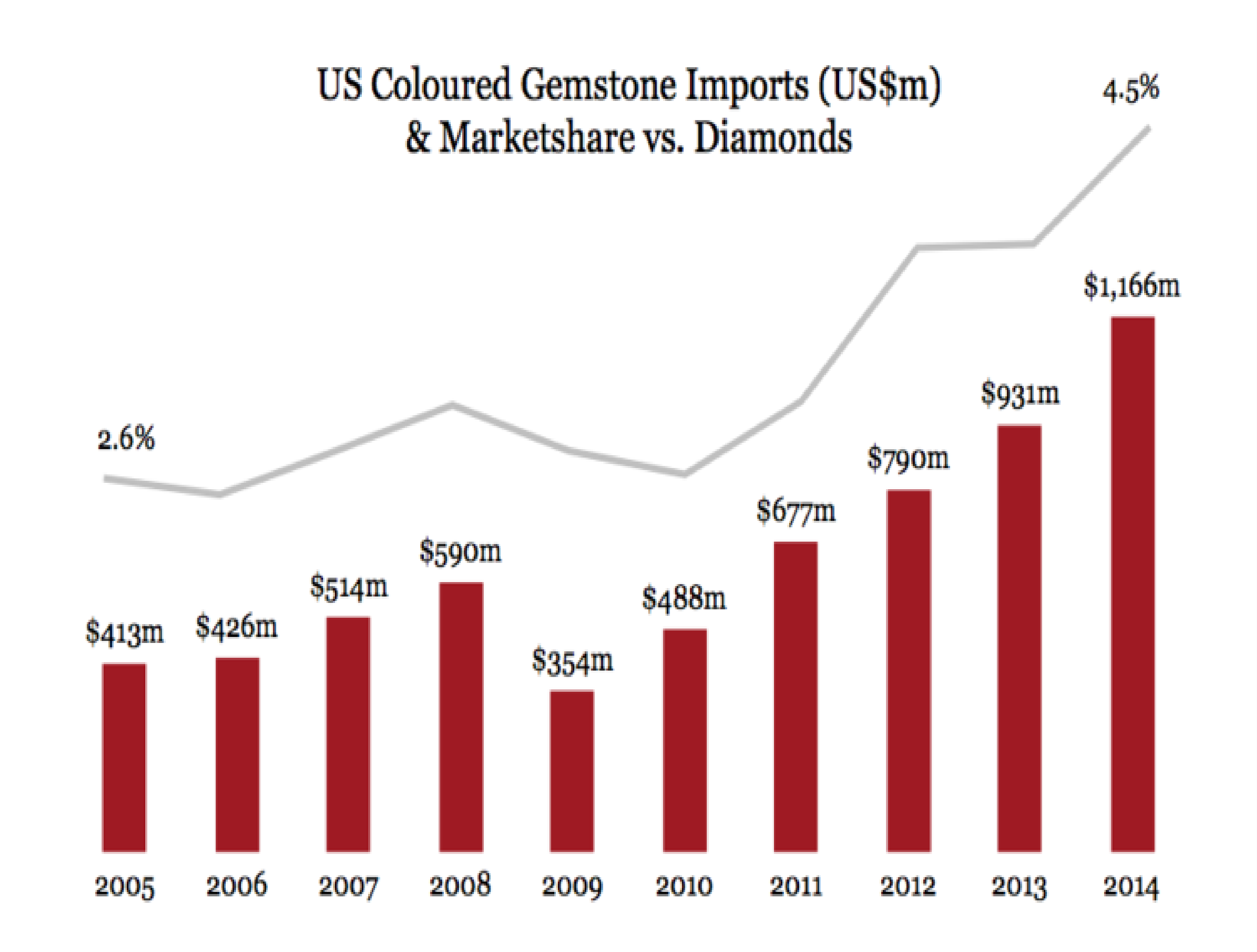
Montepuez Ruby Project

Near Term Cashflow from Bulk Sampling



Tapping into a US$2billion 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

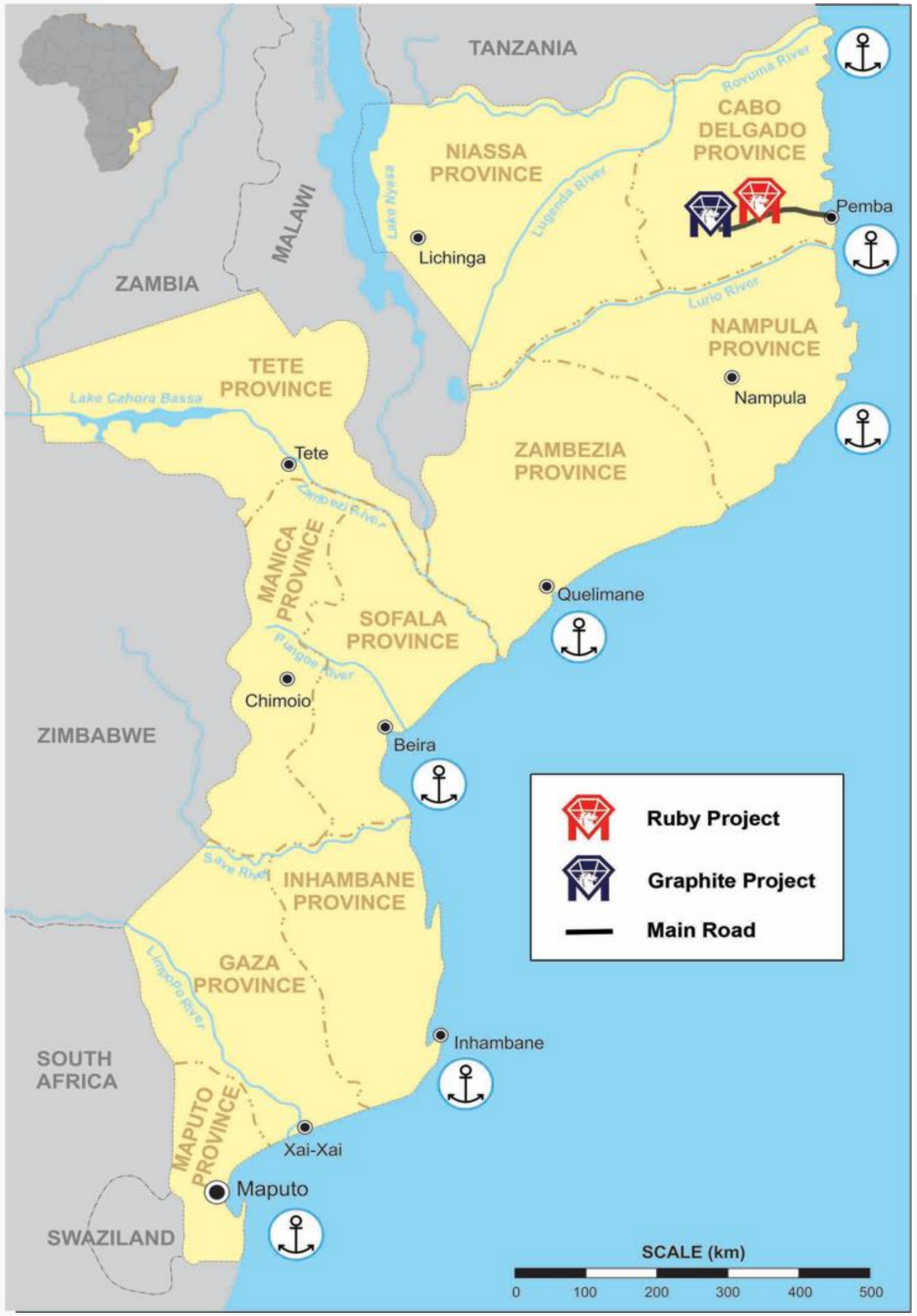
Carats: 25.59

Sale Price: US$30,420,000

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

Mozambique Rubies – "Raining Red"

"Hand on heart, I've probably done more research on the history of ruby than not just anyone alive, but anyone who has ever lived. Based on my study of the historical record, when it comes to production of large, fine gems, there has never been a find of ruby as significant as what was discovered in Mozambique in 2009. Right now, it's raining ruby." ***Richard W. Hughes, Red Rain, Mozambique Ruby Pours into the Market. Web article. 2016. www.lotusgemology.com***



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 Montepeuz ruby field is very extensive, offering prospects of long mine lives
- 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 5.7% of Mustang and 20% direct interest in Montepuez Minerals, the HoldCo of three of the four 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

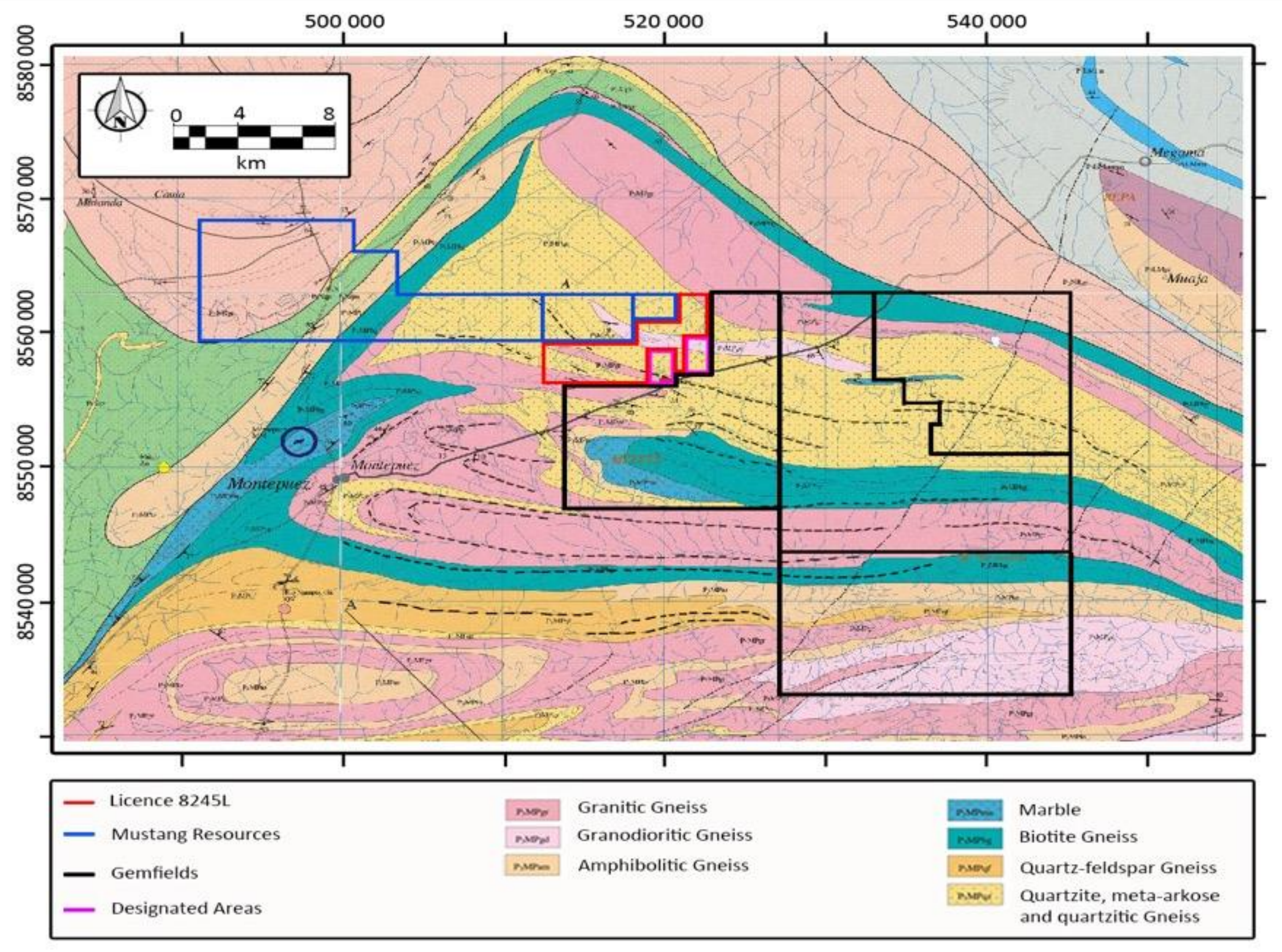
Paul Allan, Independent Consulting Geologist

- 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

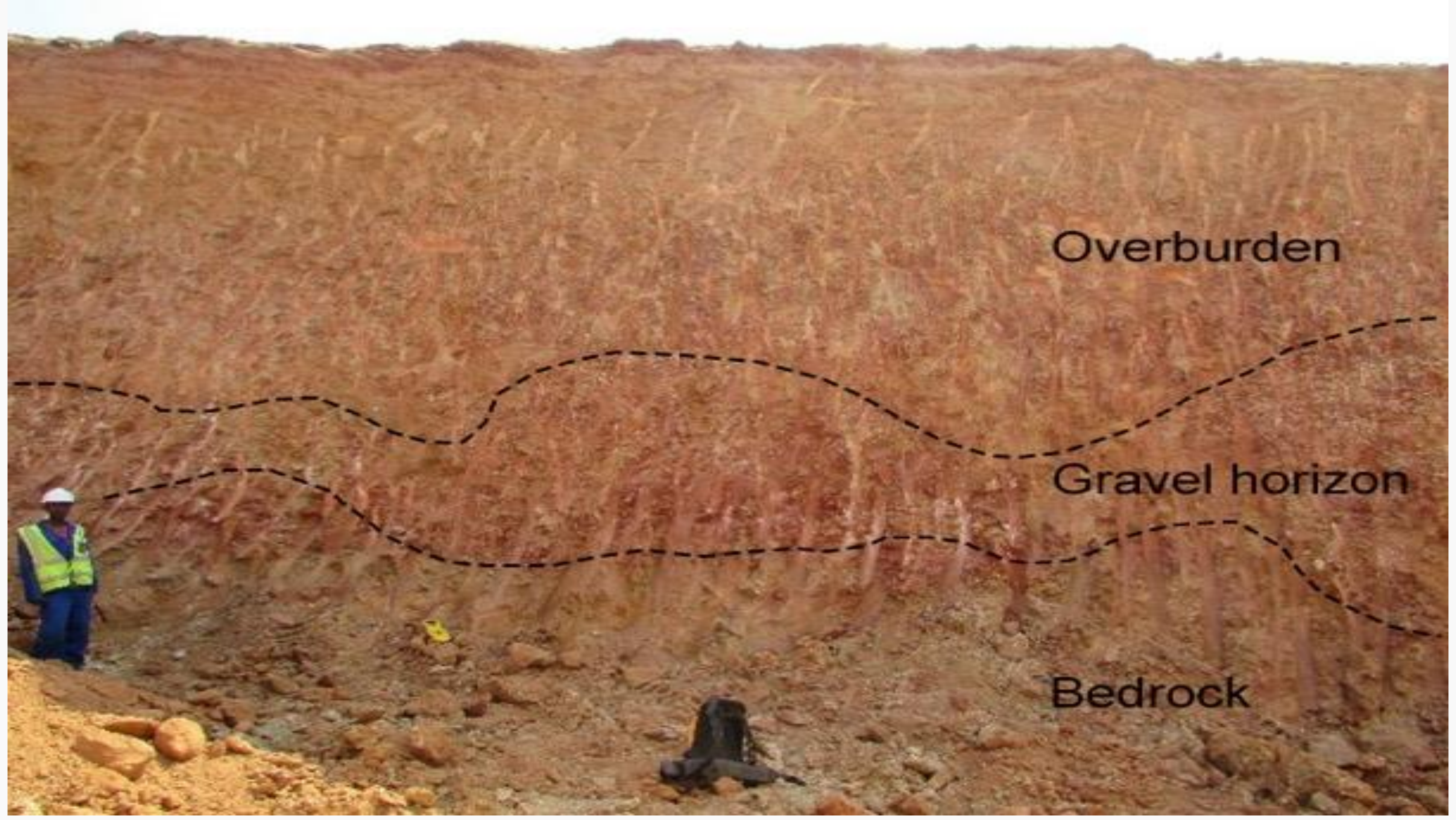
Montepuez Regional Geology

- 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
- Secondary ruby deposits; initial deposition within one or more major flooding events + redistribution of the rubies by elluvial processes (e.g. down-slope weathering)
- The average gem quality of the secondary rubies is typically much higher than those contained within the primary amphibolite
- Mustang currently mines only secondary deposits as sources of higher % gem quality ruby

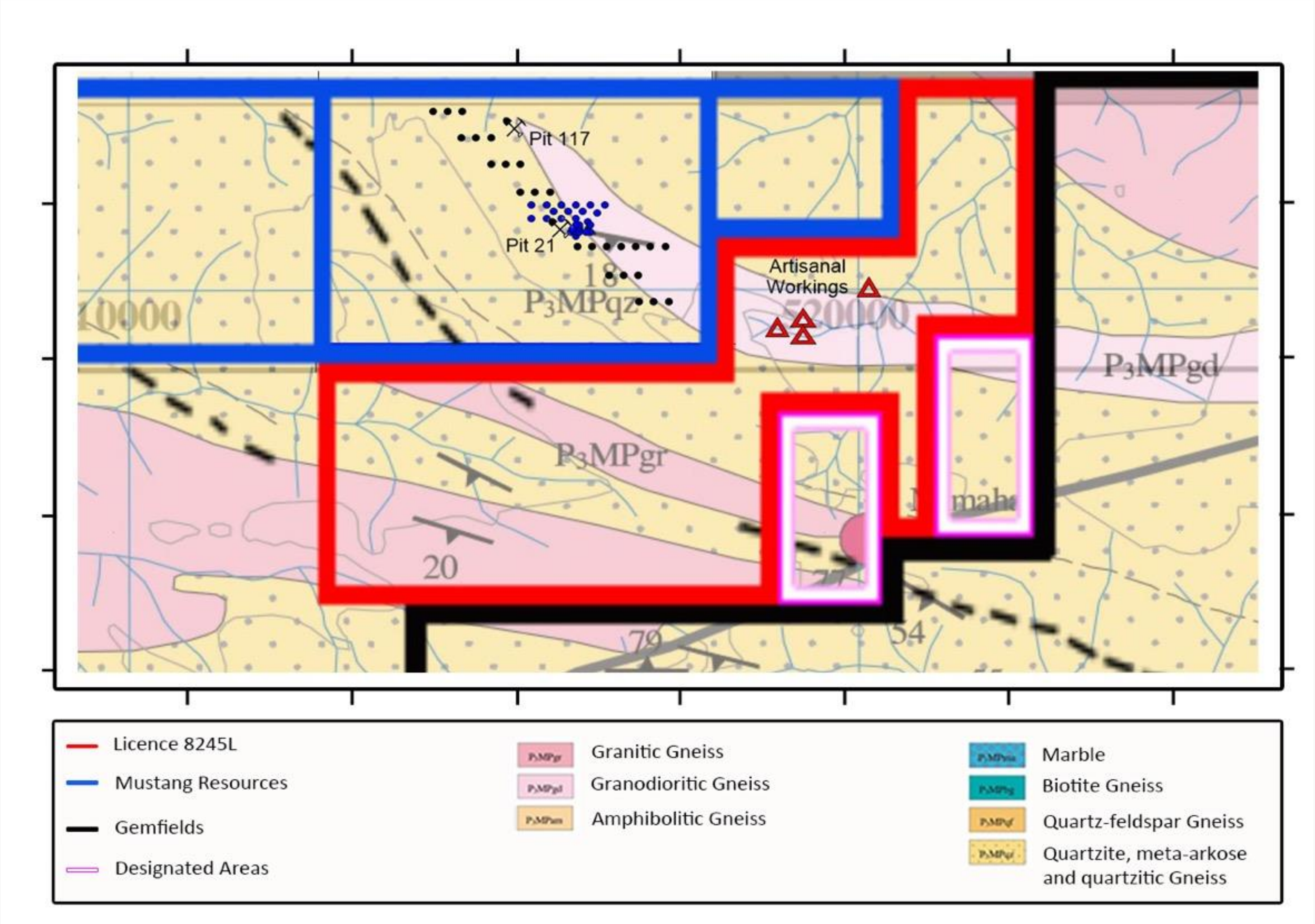


Montepuez Ruby Project – Geology

- Mustang ruby deposits have a soft soil cover of approximately 2 to 10 metres overlayed 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 & generate significant revenue whilst doing so
  - Auger drilling + bulk sample + initial sales = JORC Resource (H2-2017)

- Plant commissioning completed in January 2017, relocated in late 2016

- 22,815 m^3 of ruby-bearing gravel from Alpha deposit mined & processed resulting in the recovery of 3,952cts of high quality ruby; 37,291cts total current inventory

- Further mining optimisation is ongoing & additional shifts to be implemented – **ruby recoveries to increase significantly over coming months**

- Two commercial parcels of rubies & corundum totalling 31,221cts dispatched for grading and inventory build-up

- Parcels included 9 special stones (105cts total weight), including two rare 24-ct rubies, none of which require treatment

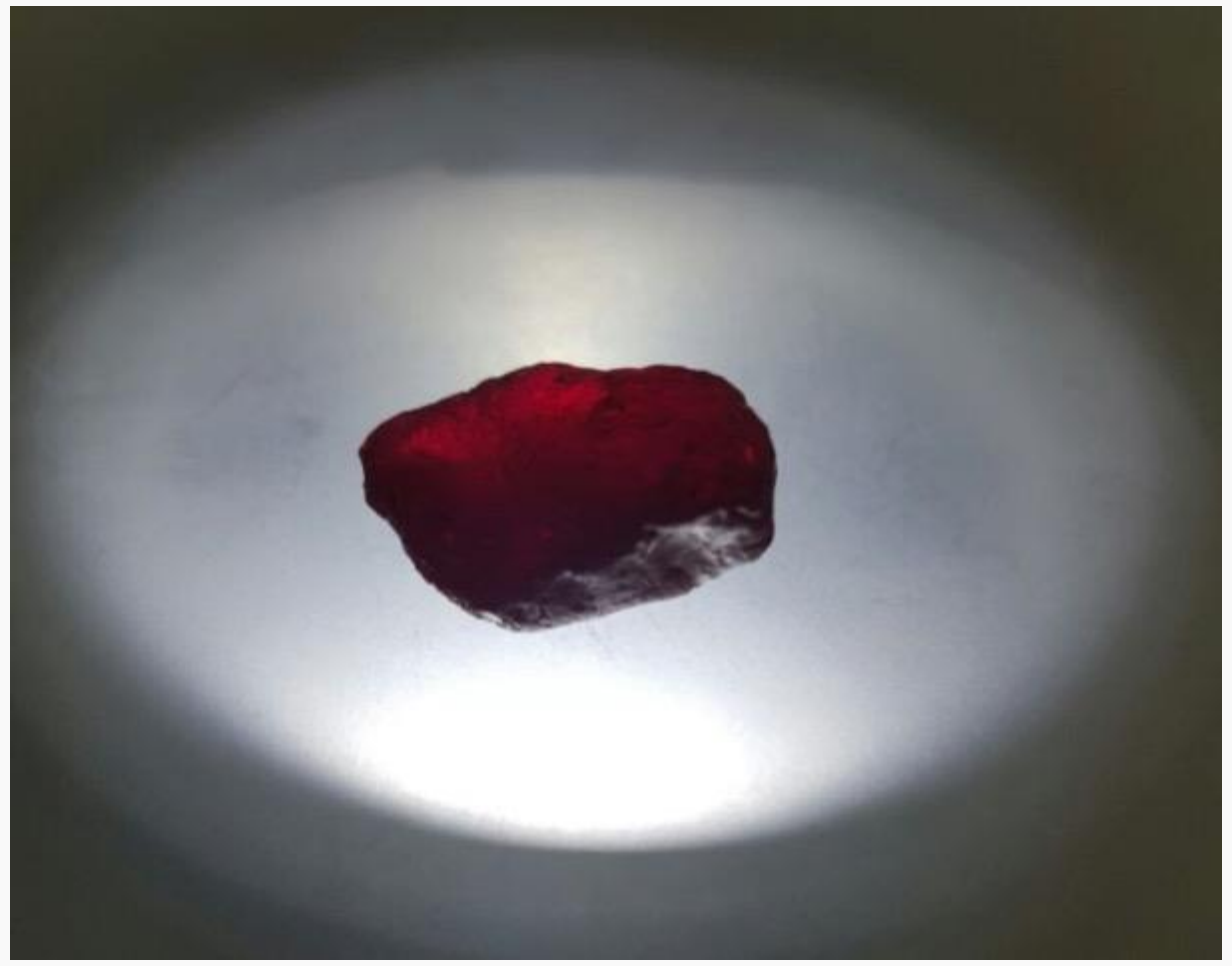
- First sales revenue expected to be recorded in Q2-2017; larger sale(s) targeted in H2-2017

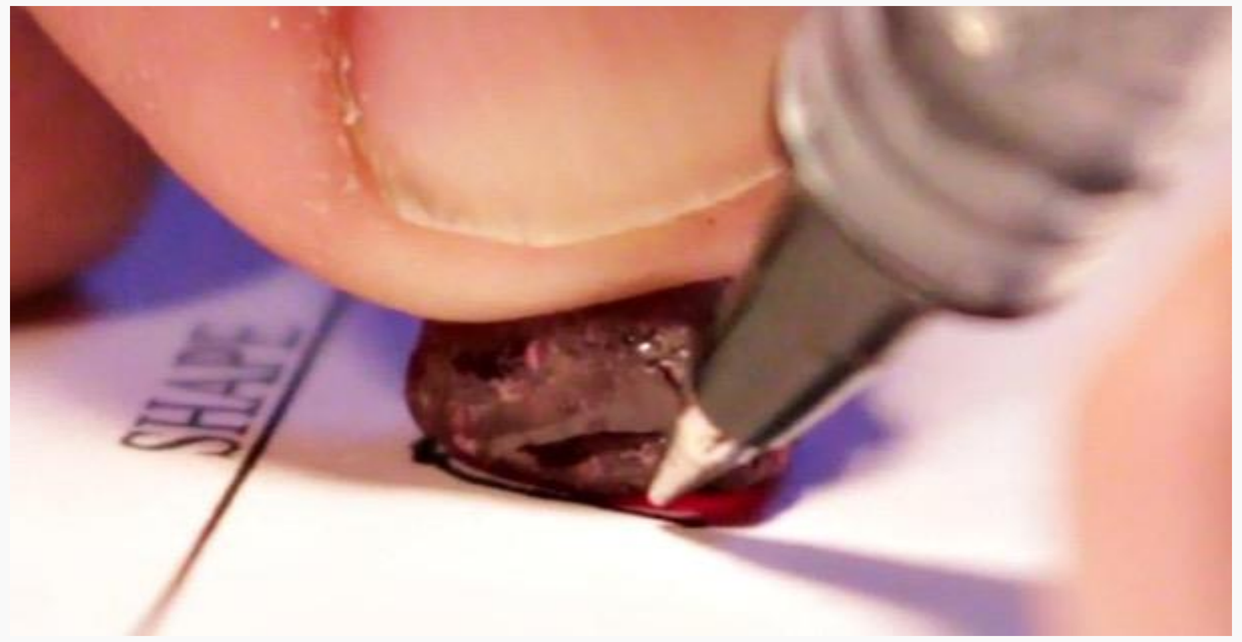
Montepuez Ruby Project – New Licence Acquisition

- Mustang announced acquisition of 65% stake in highly strategic ruby licence bordering the Montepuez Ruby Project
- The 3,500ha 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 in March 2017 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

- 9 Special Stones (105cts total) included in 2 commercial parcels of 31,221cts exported
- Includes 2x rare 24ct rubies + 1x 13ct & 1x 11ct
- None of the 5 'Special Stones' currenly in the US require heat treatment & currently being cut by renowned cutter Meg Berry (Typically 30% to 60% cutting yield)
- Following GIA certification the Mustang special stones will be sold to high end jewellers (Expected in Q2 2017); strong US interest
- Current asking prices in the US for unenhanced (untreated) cut 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

2017

WORK PROGRAM– KEY CATALYSTS

➢ Install new wet front-end & increase throughput to ~1,500tpd (~380,000 tpa)	February 2017
➢ Auger drilling campaign to confirm extensions of Alpha deposit & build resource inventory	Jan - Dec 2017
➢ Strategic sales and marketing agreements AND 1st ruby sales	H1 2017
➢ Maiden JORC Resource & Feasibility Study	H2 2017
➢ Full scale (long life) mining (Modular & cheap plant scale up)	H1 2018

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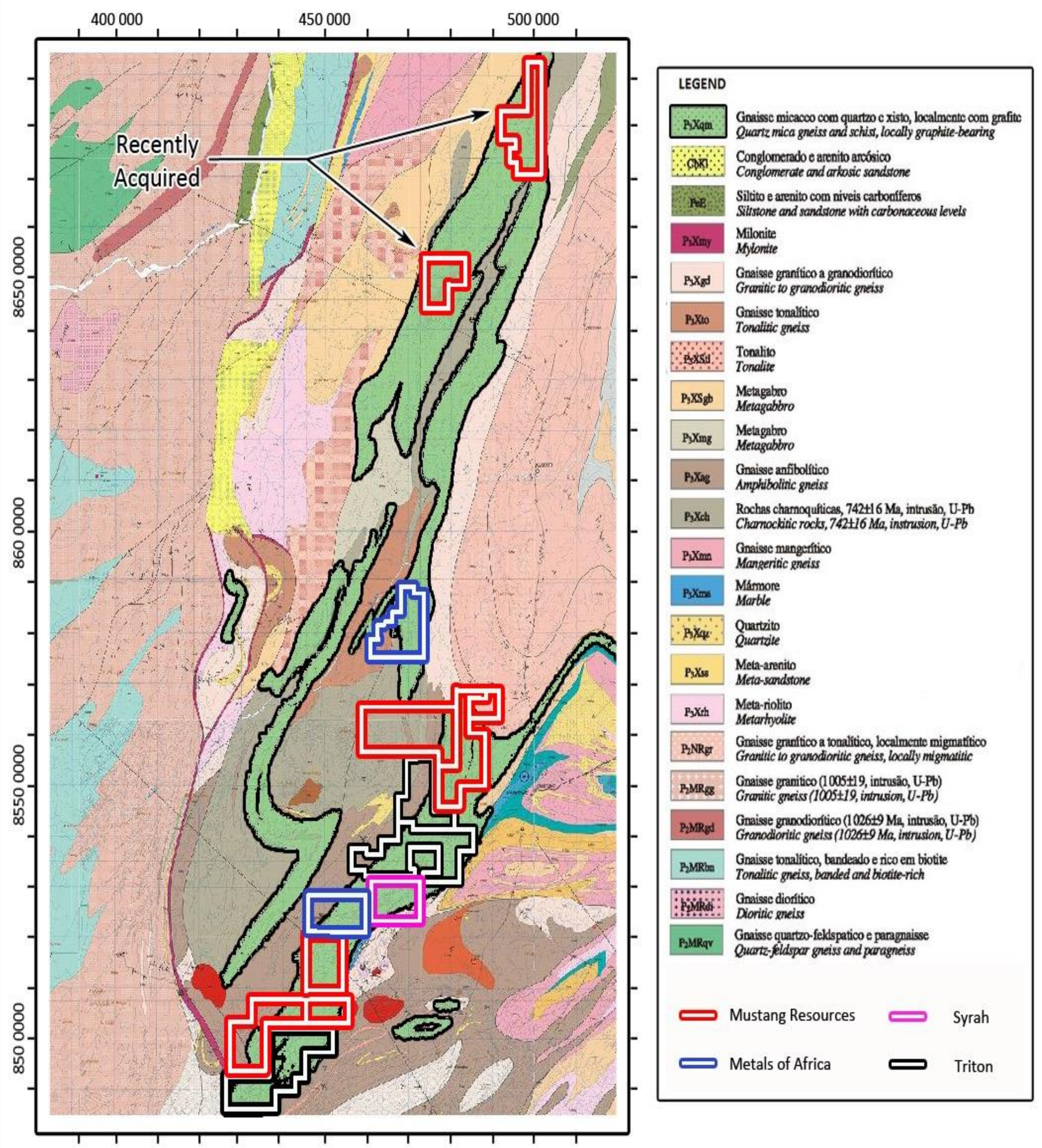
Caula Graphite Project

A Spectacular High Grade Graphite Discovery

Caula Graphite Project – Overview

- Caula Project (licence 6678L) located along strike from world-class **Syrah Resources (ASX: SYR)** deposit
- Extremely high-grade results over extensive widths from diamond drilling completed in Dec 2016
- Exploration program confirmed wide, high grade intervals of up to **26% Total Graphitic Carbon** (TGC)
- Extensive metallurgical testing & product optimisation underway with SGS Perth
- Maiden JORC Resource on Caula in Q2-2017
- **Caula will be one of the highest-grade graphite deposits in the world**
- High grade will enable Mustang to generate a top-quality product at a low cost, maximising margins and providing protection against any price volatility
- Interest in six additional graphite licences in Mozambique ("Balama Graphite Project")



Caula Graphite Project
Targeting a High Grade Graphite Resource

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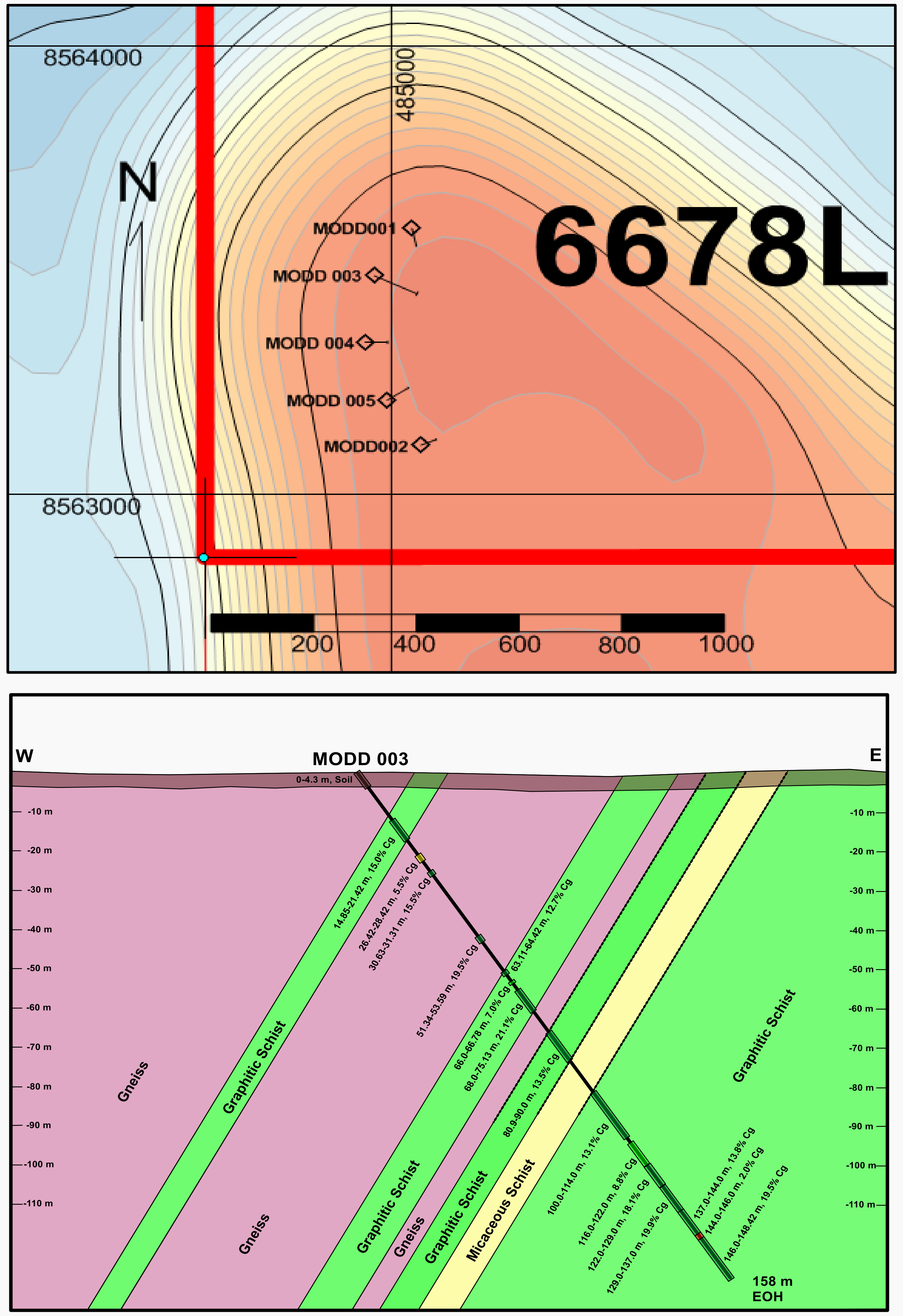
- Spectacular grades of up to **26% Total Graphitic Carbon (TGC)** demonstrate potential for Caula to become a low-cost supplier to the lithium battery industry
- Results include:
  - MODD 001: 40m at 15.9%TGC average (inc. multiple intersections of 24-25% TGC)
  - MODD 002: 14m at 12.9%TGC average (inc. 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 delivered to SGS Perth for full metallurgical analysis and flowsheet development – results expected 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; initial scoping study to follow



Caula Graphite Project & Drill hole MODD-003

Summary: Key Investment Takeaways

- 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 March 2017 placement to a select group of new and existing institutions and sophisticated investors to raise $5.88 million
- Significant additional upside from Tier-1 High Grade Caula graphite project

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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 (km²)	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

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