



**MUSTANG**  
— RESOURCES LTD —

**ASX: MUS**



**A Mozambique Focused  
Mining Company**

**April 2018**



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## COMPETENT PERSON STATEMENTS

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 Sara Turnbull, 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. Ms. Turnbull is an independent consultant who was engaged by the company to undertake this work. Ms. Turnbull 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. Mrs. Turnbull 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.

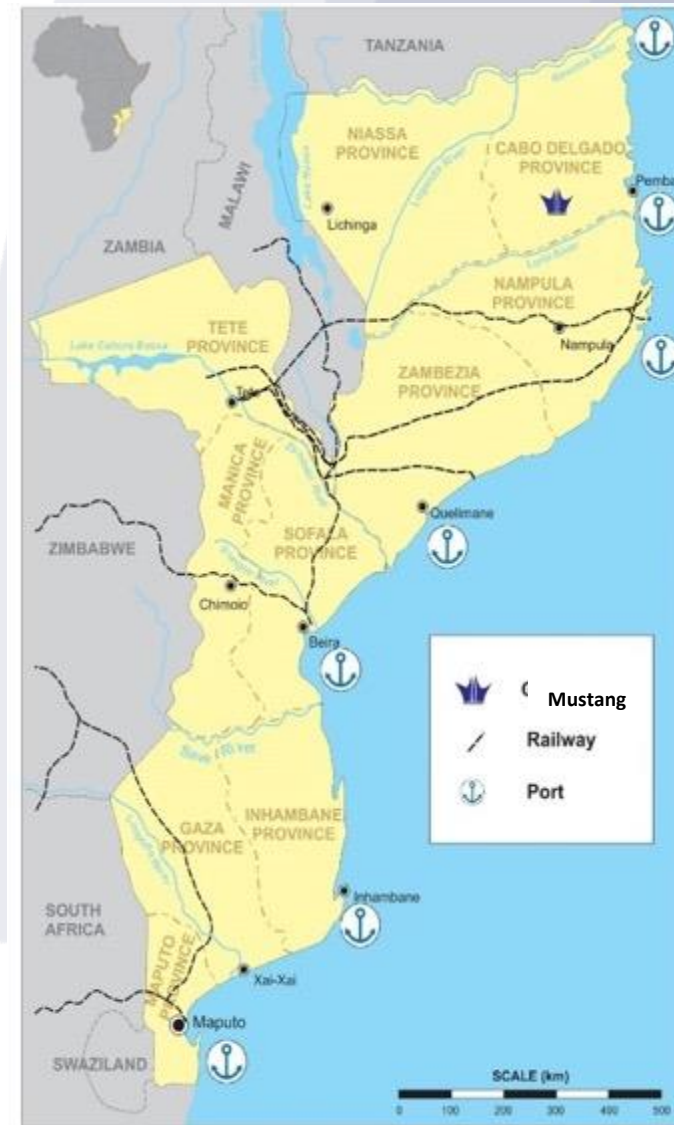
Mustang confirms that it is not aware of any new information or data that materially affects the information included in the original market announcements referenced throughout this announcement and that all material assumptions and technical parameters underpinning the estimates in the relevant market announcement continue to apply and have not materially changed. Mustang confirms that the form and context in which the Competent Person's findings are presented have not been materially modified from the original market announcement.



# Mustang - a Mozambique focussed mining company



- Mozambican-focussed emerging developer and explorer with rapidly advancing ruby, graphite & vanadium projects in Northern Mozambique
- Revenue-generating Montepuez ruby project and high grade Caula graphite & vanadium project
- Invested in scarce commodities with fast growing markets (rubies, graphite & vanadium)
- Mozambique is Pro-mining and foreign investment
- Highly experienced team with a +15 year track record in developing profitable projects in Mozambique and Africa in general



# Mustang becoming a key player in rubies, graphite & vanadium



- Scarcer than diamonds
- 2,000 year+ history
- Most expensive gem after diamonds
- >60% price growth over 8 years
- Mozambique discovery only made in 2009
- Mozambique will supply >70% of world's rubies for many years
- Tiffany & Cartier using Mozambique rubies over Burmese rubies



- Key component for Li batteries
- More graphite in a Li battery than lithium
- Massive future growth potential in fire retardant use as building standards change globally
- Steelmaking use a core market
- Chinese supply dwindling just as local demand takes off due to EVs
- Lack of new mines



- Fastest growing battery commodity of 2017 (Bloomberg)
- Trading at US\$33,880/tonne (3 April 2018)
- Used in Vanadium Redox Flow Batteries (massive future growth market)
- Main use in steel strengthening
- 2018 turning point with China increasing % of vanadium in steel
- Caula project has grades up to 1.02%  $V_2O_5$  with 125m @ 0.42%  $V_2O_5$  average\*



## MUSTANG RESOURCES LTD

ASX Code	MUS
Shares on Issue	878,244,891
Unquoted Performance Rights*	14,000,000
Options#	173,988,217
Share Price (as at 3 April 2018)	A\$0.024
Debt (Unsecured Convertible Note Facility Face Value)	A\$2,000,000
Market Capitalisation	A\$21million
Number of shareholders (as at 3 April 2018)	4,090

\*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 licences 6678L and 5873L.

# Note: 61million 3.5cent Listed Options expiring 25/01/2020 .Ticker- ASX: MUSOA

## BOARD OF DIRECTORS

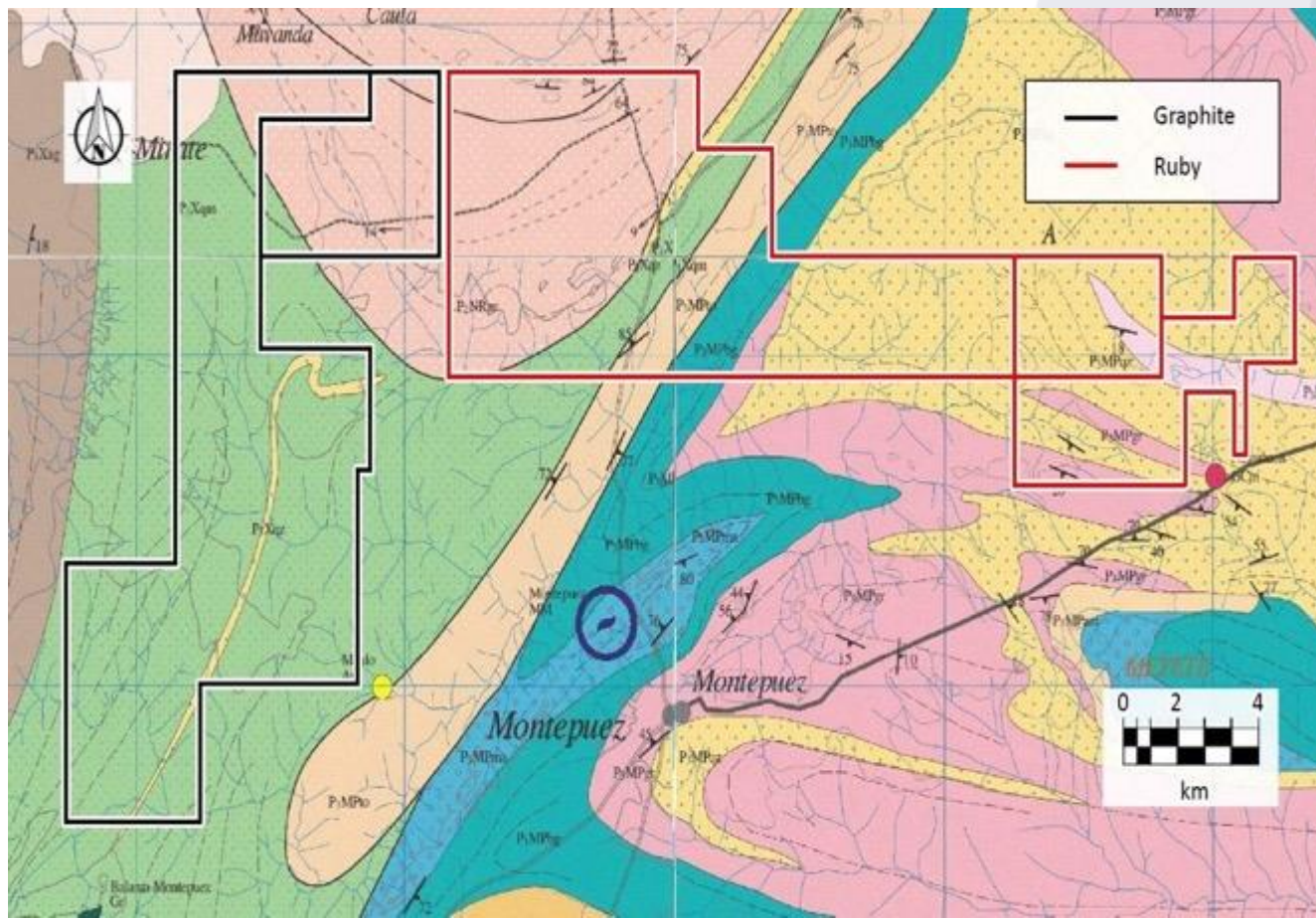
Dr. Bernard Olivier	Managing Director
Cobus van Wyk	Executive Director & COO
Ian Daymond	Non-Executive Chairman
Dr. Evan Kirby	Non-Executive Director & Metallurgist
Christiaan Jordaan	Non-Executive Director

**Ownership: Top 20 = 30%; Directors = 8%**

\*Refer to ASX Announcement dated 16 March 2018



# Projects located next to each other in middle of world class ruby, graphite & vanadium mineral provinces



- Ruby and Graphite-vanadium licences share tenement boundary
- Share camp, infrastructure and certain key personnel
- Currently only listed revenue generating ruby explorer and developer in the world
- World-class high grade graphite & vanadium project with grades of up to 26% TGC & 1.02%  $V_2O_5$  including:
  - 125m @ 15% TGC & 0.42%  $V_2O_5$  average\*

\*Refer to ASX Announcement dated 16 March 2018

# Mustang's Montepuez Ruby Project - a significant new gemstone discovery



- The Montepuez region in Mozambique represents a substantial share of the lucrative global ruby market
- Mustang's initial bulk sampling confirms significant new ruby discovery on licences with scope for expansion
- Shallow secondary deposits, with initial bulk sampling delivering gem quality rubies
- Consistent recovery of full quality range including premium category stones
- Mustang has 143sqkm of highly prospective ground and extensive secondary ruby mineralisation proven over 4,200m strike (open ended)

# Montepuez region established as a world-class gem field



- Commercial potential highlighted by Gemfields' success in generating ~US\$335 million in ruby sales up to December 2017
- Vast majority gem/facet quality rubies come from secondary deposits (colluvial/elluvial)
- The Montepuez 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 potential for 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**



# Montepuez Ruby Project - Processing Plant



- 200 tonnes per hour (1,500tpd) fully operational high-efficiency pilot processing plant
- Environmentally friendly processing plant and operations with no additives or chemicals used in circuit
- Full product security
- Recovering consistent medium to high quality rubies daily through bulk sampling from different areas.
- 17,025 tonnes processed in Q1 to date with 7,495 carats recovered at an average grade of 0.44ct / tonne <sup>1</sup>

1. Refer to ASX Announcement dated 13 February 2018



# Montepuez Ruby Project - Development



- STRATEGY: Systematically build a resource base & generate revenue whilst doing so
  - Test pitting + bulk sample + sales = JORC Resource
- New high-grade and shallow ruby deposits excavated and being processed at present; ruby inventory expected to increase significantly
- Initial processing of material from highly prospective deposits within new licence delivering exceptional results
- Average grade increased 10% from October 2017 onwards compared with average grade for all previously processed material <sup>1</sup>
- Optimisation of processing plant with improvements and upgrades completed during December quarter 2017



1. Refer to ASX Announcement dated 13 February 2018

# Global Coloured Gemstone Market



- 100 years ago - Diamond and Coloured Gemstone industry roughly similar size
- De Beers started development of modern era of diamond industry
- Diamond industry developed on all levels from exploration, to mining, to processing, to branding and distribution while coloured gemstone industry remained fragmented
- Global value of annual diamond production currently ca. \$13bn<sup>1</sup>
- Coloured gemstones require scientific mining, processing and also branding and marketing
- Estimated \$3.5bn annual industry<sup>2</sup> making gains on diamond industry
- Trend towards coloured gemstones already fully established
- Rubies are the most expensive gemstone after diamonds - with fine rubies +5cts extremely rare

<sup>1</sup> World Diamond Council

<sup>2</sup> Sustainability issues in the coloured gemstone industry 2010 (SOMO)



# Ruby Project: Sales & Marketing



- Montepuez gaining global prominence as the supply of equivalent quality rubies from Burma (Mogok) is very scarce
- Montepuez produces a wide variety of qualities for each of the different market segments
- Sales channels and strategic sales partnerships currently being developed for Mustang's ethically mined rubies
- First Revenue generated through market testing
- Developed Proprietary Grading System
- Established sales office in Thailand in the heart of the global ruby trade

# Caula Graphite & Vanadium Project

*A Spectacular High Grade Graphite & Vanadium Discovery*





# Caula Graphite & Vanadium Project - Overview



## JORC (2012) Mineral Resource

- High Grade Graphite deposit with up to 26% Total Graphitic Content (TGC)

## Premium Product

- Up to 55% Large, Jumbo and Super Jumbo Flake sizes
- Up to 1.02%  $V_2O_5$  with average of 0.42% over 125m intersection

## Locality

- Located in Northern Mozambique and along strike from world-class Syrah Resources (ASX: SYR) deposit

## Project Status / Strategy

- Concept study drilling completed and samples submitted for assaying and metallurgical test work. Planning to commence DFS once Concept Study completed

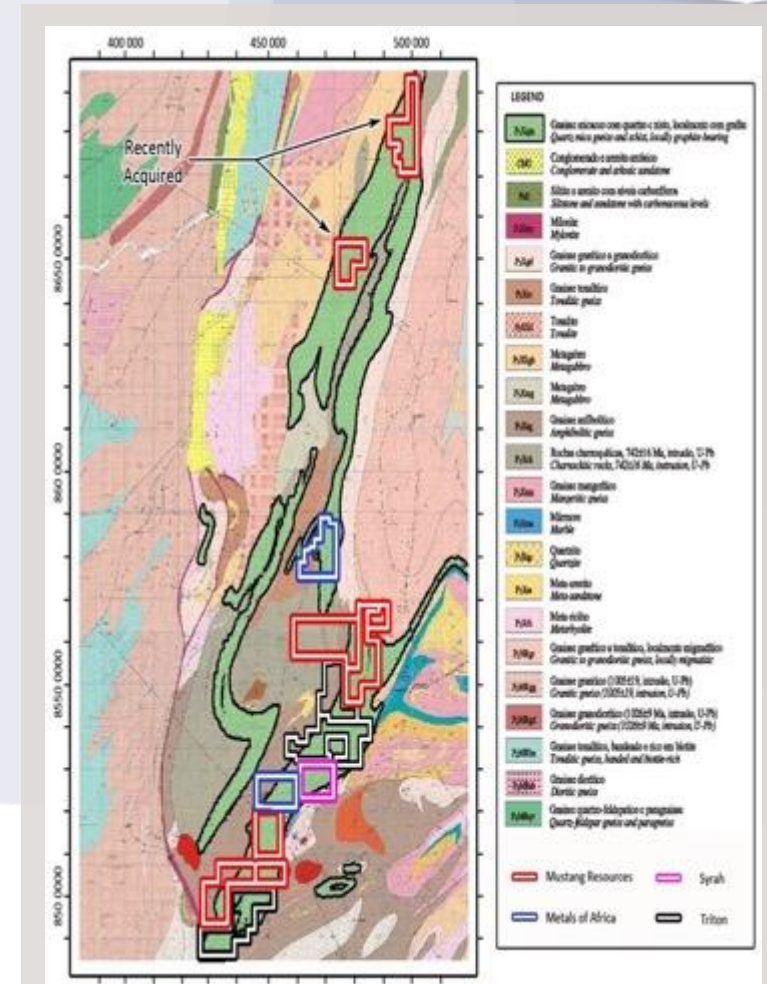


# Caula Graphite & Vanadium Project - Overview



- Inferred JORC Resource of 5.4Mt at 13% TGC (6% cut-off) <sup>1</sup>
- Large, Jumbo and Super Jumbo flake sizes represent 55% and 44% of total mass % in the fresh and oxide ore, respectively
- Caula deposit already showing to be world-class with up to 26% TGC and >50% Jumbo Flake sizes.
- Concept Study nearing completion, expected in Q2 2018:
  - Electro Magnetic Survey and Interpretation completed
  - RC and Diamond Drilling completed
  - Initial assaying and test work completed
  - Remaining samples currently being submitted for assaying and additional metallurgical test work
  - JORC Resource upgrade work in process

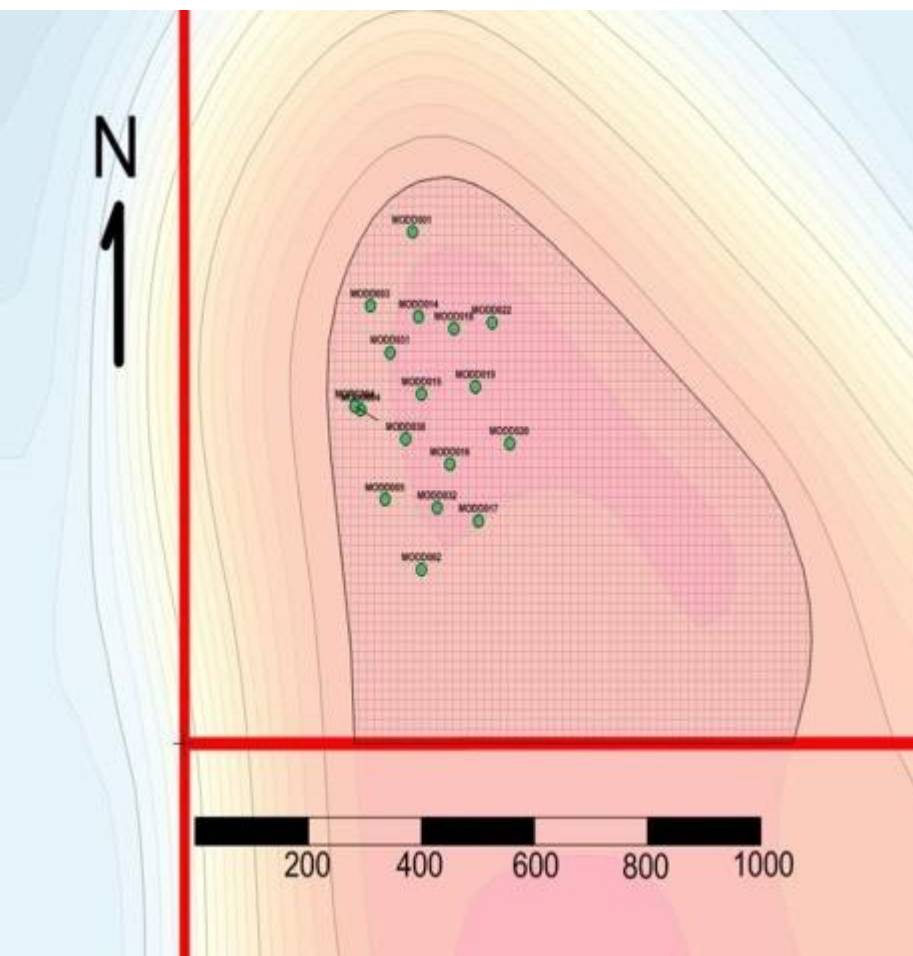
1. Refer to ASX Announcement dated 1 December 2017





# Caula Graphite & Vanadium Project

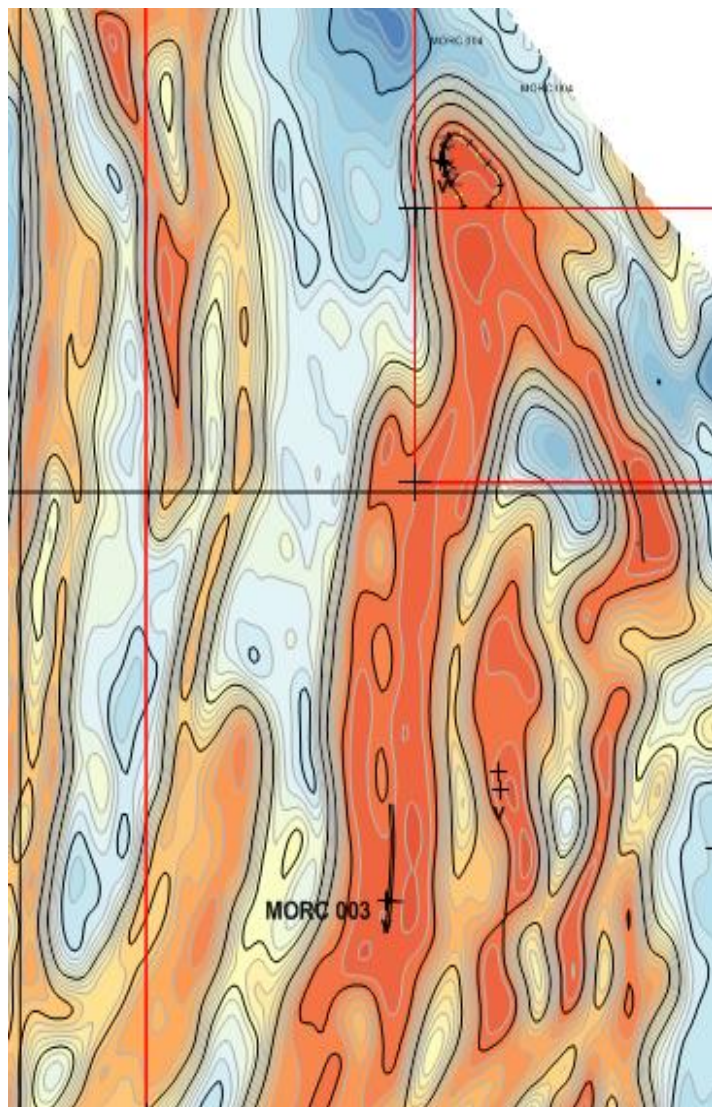
## Targeting a High Grade Graphite & Vanadium Resource



- Spectacular grades of up to 26% (TGC) & 1.02%  $V_2O_5$  demonstrate potential for Caula to become a low-cost supplier to the lithium and vanadium battery industry
  - High grade will enable Mustang to generate a top-quality product at a low cost, maximising margins and providing protection against any price volatility
  - Drilling Results include:
    - 40m at 15.9% TGC (Inc. multiple intersections of 24-25% TGC)
    - 87m at 15.2% TGC (Inc. multiple intersections of 25-26% TGC)
    - 125m at 0.42%  $V_2O_5$  (incl. multiple intersections above 0.6%  $V_2O_5$  and up to 1.02%  $V_2O_5$ )
- (Refer to ASX Announcements 16 February 2016, 6 March 2017 & 16 March 2018)
- Extensive resource upside through additional drilling

# Caula Graphite & Vanadium Project

## Targeting a High Grade Graphite & Vanadium Resource



- 18km long EM anomaly over Mustang licences
- Multiple high grade graphite targets identified
- Antiform fold structure
- Highest grades associated with fold hinge structures
- 16 Diamond drill holes and 10 RC holes completed as part of Scoping Study and preceding work





# Caula Graphite & Vanadium Project

## Superior Metallurgy Proven with Initial Testing



- Metallurgical tests have produced high-grade concentrates (>95% TGC) and exceptional recoveries (96% recovery from fresh rock composite sample) from the Caula Graphite Project
- More than 55% of the fresh graphite and 44% of oxide ore assayed has been classed as Large, Jumbo and Super Jumbo Flakes <sup>1</sup>
- Tests were conducted using a simple, conventional flowsheet processing samples with ~13% TGC head grade
- Results demonstrate Caula's potential to be a low-cost supplier to the expandable graphite and lithium ion battery industries
- The TGC recoveries of both ore types are expected to further improve
- Work underway to establish vanadium metallurgy & flowsheet

Graphite Product	Size Fraction	Fresh Composite		Oxide Composite	
		Mass	TGC	Mass	TGC
	µm	%	%	%	%
Jumbo Flake	300	23.8%	97.90	16.6%	97.20
Large Flake	180	31.2%	97.26	27.2%	96.19
Total		55%		43.8%	

1. Refer to ASX Announcement dated 13 December 2017

# Summary - Key Investment Takeaways



- Premier ruby project in a world-class gemstone province
- Management team with in-country experience & “skin in the game”
- Ruby Sales and market development progressing well
- Outstanding exploration upside and growth potential on both projects
- Significant additional upside from Tier-1 High Grade Caula graphite & vanadium project



# Appendix 1: Mustang Board



**Dr. Bernard Olivier, Managing Director**

- Dr Olivier holds a PhD in Economic Geology from the University of Stellenbosch, South Africa. He has worked as a geologist since 1998 in various African, Asian and South American countries, including Tanzania, South Africa, Burundi, Swaziland, Argentina, Colombia, Australia and the Philippines. He is a dual Australian and South African national and a Member of the Australasian Institute of Mining and Metallurgy (MAusIMM).
- Worked on a variety of exploration and development projects as well as in mining operations across a spread of commodities, including, gemstones, graphite, gold, diamonds, PGEs, base metals and coal. He has over 10 years' experience as a listed company director. Most recently, Dr Olivier has served as the Chief Executive Officer of Richland Resources Plc (formerly Tanzanite One) since March 2010 and as a director of Bezant Resources Plc since March 2007.



**Cobus van Wyk, Executive Director & COO**

- Co-founder of the Regius Group of companies
- Chief Operating Officer of Mustang since January 2018
- 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

**Christiaan Jordaan, Non-Executive Director**

- CEO and co-founder of Mozambican-focused exploration company Regius Resources Group
- Regius holds 7.7% 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



**Ian Daymond, Non-Executive Chairman**

- Mr Daymond practised as a solicitor for more than 41 years as an external or in-house mining and resources lawyer and continues to provide consulting services in the mining and resources sector.
- He was General Counsel and Company Secretary of Delta Gold Ltd for over 11 years which saw the company grow from a small gold explorer into one of the largest gold producers in Australia with significant platinum and gold mining interests in southern Africa.
- Mr Daymond has significant independent director experience, having served as a non-executive director of International Base Metals Ltd with substantial copper interests in Namibia and is the former chairman of Eldore Mining Corporation Ltd (ASX: EDM), ActivEx Ltd (ASX: AIV) and Copper Range Ltd (ASX:CRJ) and a former non-executive director of Hill End Gold Ltd.
- Mr Daymond was the national chairman of the Australia-Southern Africa Business Council for 3 years and has substantial business, legal and corporate government precious, base metals and diamond projects, not only in Australia but also southern Africa over the past 25 years.
- He is currently the Honorary Consul in NSW for the Republic of Botswana and was an individual member of the Australia-Africa Mining Industry Group (now called the Australia-Africa Minerals & Energy Group (AAMEG) of which the Company has now become a corporate member) which promotes corporate social responsibility principles amongst Australian mining companies with activities in Africa.

**Dr. Evan Kirby, Non-Executive Director & Metallurgist**

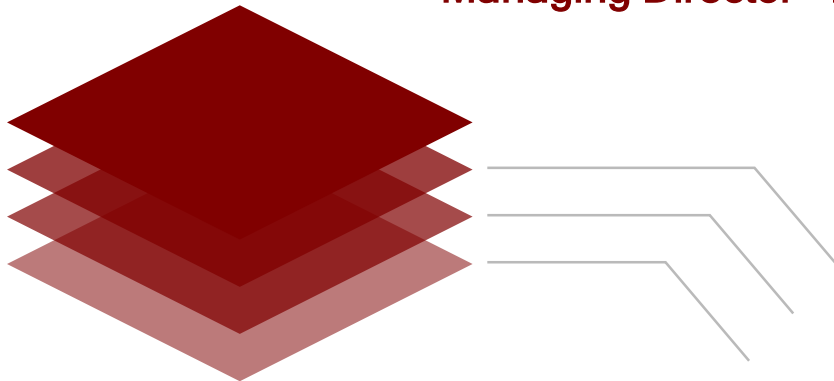
- Dr Kirby is a metallurgist with more than 40 years' experience and has extensive corporate and technical expertise.
- Dr Kirby worked for 16 years in South Africa with Impala Platinum, Rand Mines and then Rustenburg Platinum Mines.
- In 1992, he moved to Australia and was employed by Minproc Engineers and then Bechtel Corporation, where he had management and technical responsibilities. In 2002, Evan established his own Australian based consulting business, Metallurgical Management Services. He has held leading roles in numerous metals and minerals projects, including many world-class developments, and has been a director of several ASX and AIM-listed mining companies.
- His hands-on experience includes diamonds, coloured gemstones, graphite, vanadium, gold and platinum group metals, mineral sands and base metals.



## Contact Details



**Managing Director - Dr. Bernard Olivier**



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