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11 November 2015

Dear Shareholder,

Non-renounceable Entitlement Issue of Options

On 10 November 2015, Mustang Resources Limited, ("The Company") announced a one (1) for three (3) Non-renounceable Entitlement Issue of new Options at an issue price of 0.5 cents.

The Entitlement Issue will result in the issue of 30,226,366 new Options and will raise an estimated \$151,131, before costs, if all entitlements are taken up (based on MUS' undiluted share capital as at the date of this letter).

Options issued under the Entitlement Issue will be exercisable at \$0.25 each on or before 30 June 2017. Full terms and conditions of the Options are set out in the Prospectus. Shares issued upon exercise of the Options will rank equally with all Shares already on issue.

If all the Options are issued and duly exercised then a maximum of \$7,556,595 would be raised by the Company by the Expiry Date of 30 June 2017.

Under the Entitlement Issue, every Shareholder who is registered as the holder of fully paid ordinary Shares in the capital of the Company at 5.00pm WST on 25 November 2015 ("Record Date") with a registered address in Australia or New Zealand ("Eligible Shareholders") will be eligible to participate in the Entitlement Issue.

The funds raised from the Entitlement Issue will be applied towards:

- Assisting with the ongoing development of the Company's diamond, ruby and graphite projects;
- General working capital; and
- Expenses of the offer.

The Company has applied to ASX for quotation of the Options. If approval of this application is not obtained from ASX before the expiration of 3 months after the date of issue of the Prospectus, (or such period as varied by the ASIC), the Company will not issue any Options and will refund all application monies for the Options within the time prescribed under the Corporations Act, without interest paid to the applicants.

It is anticipated the Options will be entered into uncertificated holdings on 29 December 2015.

The Entitlement Issue provides Eligible Shareholders with an opportunity to increase their investment in the Company at an attractive price. The Entitlement Issue Prospectus and the accompanying Entitlement and Acceptance Form will be sent to Eligible Shareholders by 27 November 2015.

The Entitlement Issue is open for acceptance by Eligible Shareholders until 5.00pm WST on 18 December 2015 (subject to the Directors varying the closing date in accordance with ASX Listing Rules). Please note that the Company's shares will be quoted on an "Ex" basis from 23 November 2015, and therefore any shares bought or sold on market on and from this date will not carry entitlements under the Entitlement Issue.

Shareholder approval is not required for the Entitlement Issue.

Fractional entitlements will be rounded down to the nearest whole Option.

The total number and class of all securities issued (including the maximum number of securities to be issued in the Entitlement Issue) is as follows:

Shares *	Number
Shares on issue at date of Prospectus	90,679,079
Shares offered pursuant to the Entitlement Issue	Nil
Total Shares on issue after the completion of the Entitlement Issue	90,679,079

* This assumes no Options are exercised prior to the Record Date.

On 1 September 2015, the Company announced the acquisition (subject to a number of conditions precedent, including the shareholder approval) of the option to acquire two additional graphite licences in the Cabo Delgado province of Mozambique. The consideration of this acquisition includes the issue of approximately 750,000 fully paid ordinary shares upon completion of the transaction.

On 22 October 2015, the Company announced the acquisition (subject to a number of conditions precedent, including shareholder approval) of three ruby licences in the Montepuez province of Mozambique. The consideration for this acquisition includes the issue of approximately 10,416,665 fully paid ordinary shares upon completion of the transaction.

On 22 October 2015, the Company announced that it would be seeking to raise approximately \$6.1 million in additional capital, if successful an additional 30,500,000 fully paid shares would be issued (assuming an issue price of \$0.20 per share).

On 26 October 2015, the Company released an Investor Presentation announcing the Entitlement Issue Prospectus and also increasing the amount of additional capital sought to \$6.5 million (32,500,000 shares).

Options *	Number
Unquoted Options exercisable at \$0.2412 on or before 10 November 2017	149,253
Unquoted Options exercisable at \$0.21 on or before 22 May 2017	2,238,806
Unquoted Options exercisable at \$0.20 on or before 31 October 2016	500,000
Unquoted Options exercisable at \$0.20 on or before 10 June 2017	1,500,000
Quoted Options offered pursuant to the Entitlement Issue – exercise price of \$0.25 and on expiry date of 30 June 2017.	30,226,366
Total Options on issue after the completion of the Entitlement Issue	34,614,425

* This assumes no Options are exercised prior to the Record Date.

Performance Rights	Number
Performance Rights currently on issue:	
Unquoted Class A Performance Rights	2,238,806
Unquoted Class B Performance Rights	1,119,403
Unquoted Class C Performance Rights	2,238,806
Unquoted Class D Performance Rights	1,119,403
Unquoted Class E Performance Rights	14,000,000
Unquoted Class F Performance Rights	14,000,000
Unquoted Class G Performance Rights	14,000,000
Total Performance Rights on issue	48,716,418

On 1 September 2015, the Company announced the acquisition (subject to a number of conditions precedent, including shareholder approval) of an option to acquire two additional graphite licences. The consideration for this acquisition includes the issue of approximately 3,600,000 Performance Rights which vest depending on the additional licences achieving 3 incremental levels of performance during the life of the project.

On 22 October 2015, the Company announced the acquisition (subject to a number of conditions precedent, including shareholder approval) of three ruby licences in the Montepuez province of Mozambique. The consideration for this acquisition includes the issue of approximately 52,083,335 performance rights depending on the project successfully achieving 3 incremental levels of performance during the life of the project.

The capital structure on a fully diluted basis (i.e. all existing options assumed to be exercised) as at the date of the Entitlement Issue Prospectus would be 95,067,138 Shares and on completion of the Offer (assuming all Entitlements are accepted and no Options are exercised or Performance Rights vest prior to the Record Date) would be 125,293,504 Shares.

A summary of the Performance Rights Vesting conditions are set out below:

Class	Existing Performance Rights Vesting conditions
A	On 1 July 2016, if the Company has successfully completed the Bulk Sampling program and generated gross proceeds of US\$5,000,000 from the direct mining of licence 4969L in the period 1 January 2015 to 30 June 2016 (inclusive of both dates).
B	Upon a US\$10,000,000 facility being provided to Save River Diamonds Pty Ltd on or before 30 June 2018.
C	On 1 July 2016, if the Company has successfully completed the Bulk Sampling program and generated gross proceeds of US\$2,500,000 from the direct mining of licence 4525L in the period from 1 January 2015 to 30 June 2016.
D	Upon a US\$2,500,000 facility being provided for the mining licences 4525L and 4969L on or before 30 June 2018.
E	Upon proving a JORC Compliant Inferred Graphite Resource of a minimum of 50 Million tonnes @ >5% Total Graphitic Content, on any of the Balama licences on or before 31 December 2019.

Class	Existing Performance Rights Vesting conditions
F	Upon proving a JORC Compliant Inferred & Indicated Graphite Resource of a minimum of 100 Million tonnes @ >5% Total Graphitic Content, on any of the Balama Licences on or before 31 December 2019.
G	Upon proving a JORC Compliant Inferred & Indicated Graphite Resource greater than 500 Million tonnes @ >5% Total Graphitic Content, on any of the Balama licences on or before 31 December 2019.
	Graphite Licences Acquisition Proposed Performance Rights Vesting conditions
-	Upon delineation of a JORC Compliant Inferred & Indicated Graphite Resource of a minimum of 50 million tons @ >10% TGC, on either of the two licences acquired
-	Upon delineation of a JORC Compliant Inferred & Indicated Graphite Resource of a minimum of 100 million tons @ >10% TGC, on either of the two licences acquired
-	Upon delineation of a JORC Compliant Inferred & Indicated Graphite Resource of a minimum of 500 million tons @ >10% TGC, on either of the two licences acquired.
	Ruby Acquisition Proposed Performance Rights Vesting conditions
-	US\$2,000,000 payable in Performance Rights to be calculated using a 30 day VWAP from the date that the vesting condition of the project recovering 500 carats of rubies is achieved by 31 December 2016.
-	US\$2,500,000 payable in Performance Rights to be calculated using a 30 day VWAP from the date that the vesting condition of the project recovering 10,000 carats of rubies is achieved by 31 December 2017.
-	US\$3,000,000 payable in Performance Rights to be calculated using a 30 day VWAP from the date that the vesting condition of the project recovering 50,000 carats of rubies is achieved by 31 December 2018.

The Company currently has no dividend policy.

Timetable	
Lodgement of Prospectus with ASIC	10 November 2015
Lodgement of Prospectus pre market with ASX	10 November 2015
Notice sent to Shareholders / Option holders	11 November 2015
"Ex" Date	23 November 2015
Record Date for determining Shareholder Entitlement	25 November 2015
Prospectus Despatched / Opening Date	27 November 2015
Last day to extend Offer Closing Date	15 December 2015
Closing Date of Offer*	18 December 2015
Securities quoted on a deferred settlement basis	21 December 2015
Notify ASX of under-subscriptions	23 December 2015
Despatch Date / Shares entered into Shareholders security holding	29 December 2015
Quotation of Options issued under the Offer*	30 December 2015

* The Directors may extend the Closing Date by giving at least 6 business days' notice to ASX prior to the Closing Date. As such the date the new Options are expected to commence trading on ASX may vary.

The above information was provided to ASX on 10 November 2015. The Prospectus is available to view on the ASX website and the Company's website and will be posted to Eligible Shareholders by 27 November 2015.

If you have any queries concerning the Entitlement Issue please contact the Company Secretary , Chris Ritchie on +61 3 9347 2409 or info@mustangresources.com.au.

Yours faithfully,

A handwritten signature in dark ink, appearing to read "Chris Ritchie", with a long horizontal flourish extending to the right.

Chris Ritchie
Company Secretary