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11 November 2015

Dear Option holder,

NON-RENOUCEABLE ENTITLEMENT ISSUE OF OPTIONS

On 10 November 2015, Mustang Resources Limited, ("The Company", "MUS") 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 purpose of this letter is to comply with the ASX Listing Rules by advising you of the impending Entitlement Issue and to give you adequate opportunity to exercise some or all of your MUS options prior to the Record Date so that you may participate in the Entitlement Issue in respect of the Shares issued upon exercise of those options.

To exercise some or all of your MUS options you will need to give notice in writing to MUS in accordance with the terms and conditions of issue of your MUS options, together with payment of the exercise price for each MUS option exercised.

Exercise notices and payment of the exercise price for each MUS option being exercised must be received by MUS (or the share registry) by no later than 5.00pm WST on 23 November 2015 to ensure that MUS has sufficient time to complete the issue of new Shares to you by the Record Date for the Entitlement Issue, being 5.00pm WST on 25 November 2015. If received after this date, issue of new shares prior to the Record Date cannot be assured.

You are encouraged to read the Prospectus that was lodged with ASX on 10 November 2015 fully before exercising any of your options. The Prospectus is available to view on the ASX website or the Company's website, www.mustangresources.com.au/investors/asx-announcements.

If you have any queries in relation to the exercise of your options and the Entitlement Issue, you should contact your stockbroker or other professional adviser.

If you have any queries concerning the Entitlement Issue please contact the Company Secretary, Chris Ritchie +61 3 9347 2409.

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