

BALAMA GRAPHITE PROJECT - UPDATE

COMPANY INFORMATION

Mustang Resources Ltd
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COMPANY DIRECTORS

Ian Daymond : Chairman
Cobus van Wyk : Director
Frank Petruzzelli : Director
Andrew Law : Director

MANAGEMENT

Andrew Law: COO
Chris Ritchie: CFO / Co Sec
Cobus van Wyk: Executive Director

STOCK EXCHANGE LISTING

Australian Securities Exchange
ASX Code: MUS

Current Shares on Issue:
104,429,097
Market Capitalisation
\$19.3 M as at 30 November 2015

CURRENT PROJECTS

DIAMONDS
- Save River Diamond Project
GRAPHITE
- Balama Graphite Project
RUBIES
- Montepuez Ruby Project

1 December 2015

MASSIVE SHALLOW GRAPHITE ZONES IDENTIFIED AT BALAMA PROJECT, MOZAMBIQUE

Highlights:

- Positive results from current RC drilling program confirm presence of shallow graphite mineralisation across most of Balama Project area
- Massive 69 metre graphitic zone from 3 metres to 71 metres on Licence 4662L adjacent to and along strike from Syrah Resources (ASX. SYR)
- 57 metre total graphite zones in 76 metre hole on Licence 5873L
- 51 metre graphitic zone in Licence 6678L bordering Licence 5873L to the North shows a likely >7.5 km strike extension from adjacent Triton Minerals' (ASX. TON) Nicanda Hills deposit
- Field assessment of the identified graphite has highlighted a number of potential high grade zones – awaiting results from laboratory
- Drilling program ongoing with 10 RC drill holes completed to date for a total of 789 metres
- Mustang targeting delineation of maiden JORC Mineral Resources Statement in 2016

Mustang Resources Ltd (ASX: MUS) ("Mustang" or the "Company") is pleased to announce further positive results from the on-going RC drilling program at the Company's Balama Project in Northern Mozambique, with large zones of shallow graphitic mineralisation identified in multiple areas.

To date, a total of 789 metres of drilling has been completed with a number of graphitic mineralisation intersections recorded. Furthermore, field assessment of the graphite grade has highlighted a number of visually high grade zones of interest, with Mustang currently awaiting grade confirmation from pending laboratory results.

Previously completed petrological analysis on selected samples have confirmed grades with up to 17% TGC (total graphite content) and encouraging flake size distribution.

The drill program has been designed as an initial first-pass program focused on testing the largest EM anomalies located along strike from known world-class graphite deposits and / or anomalies. RC drilling has been completed on Licences 4661L, 4662L, 5873L, 6526L, 6636L and 6678L. Identification of graphite mineralisation has been assisted by systematic rock chip sampling in 1 metre composite samples. Significant intersections of graphite are summarised in Table 1.

Mustang Resources Chief Operating Officer, Andrew Law, commented, “The Mustang exploration team is excited by the latest drilling results from the Balama Graphite Project, as the Company continues to systematically target extensions of nearby world-class graphite deposits in Mozambique.

“The identification of a 69 metre zone of massive graphite mineralisation on Licence 4662L, adjacent to Syrah’s well-known Balama deposit, is particularly pleasing and reaffirms the Company’s view that the Balama project represents an excellent opportunity for rapid development of a scalable graphite mining operation.

“Furthermore, the shallow and potentially high-grade nature of the mineralisation recorded to date gives the team further confidence that the identified zones are in fact extensions of nearby deposits.

Mustang remains well positioned to continue fast-tracking the development of its key projects in Mozambique following the recent completion of a \$5.75 million capital raising, and looks forward to providing shareholders with further operational updates in the near term.”



Figure 1: Rock chip sampling of 1m composites from MORC-001 (Licence 5873)



Figure 2: Graphite liberated in sampling process

Licence 5873L (“Balama North Project”)

Drilling on Licence 5873L, adjacent to Triton’s Nicanda Hills deposit intersected 21 metres of graphite from 9 metres to 30 metres depth in the South of the Licence (MORC001) as well as 18 metres graphite from 8 metres to 25 metres and 39 metres of graphite from 37 metres to 76 metres in another in the North (MORC003). A 51 metres graphitic zone in Licence 6678L bordering Licence 5873L to the North shows a likely >7.5 km strike extension of graphite mineralisation as illustrated in Figure 3.

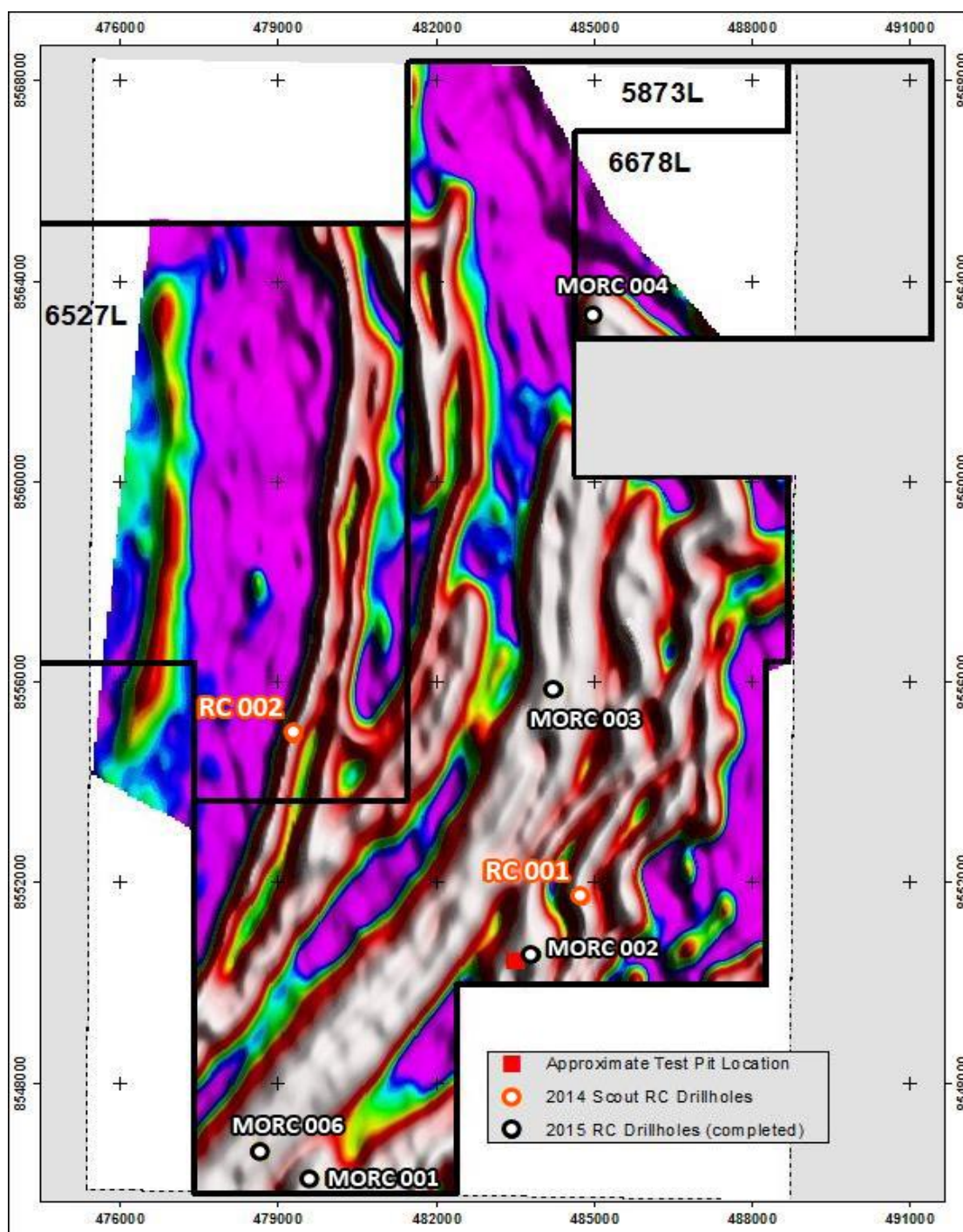
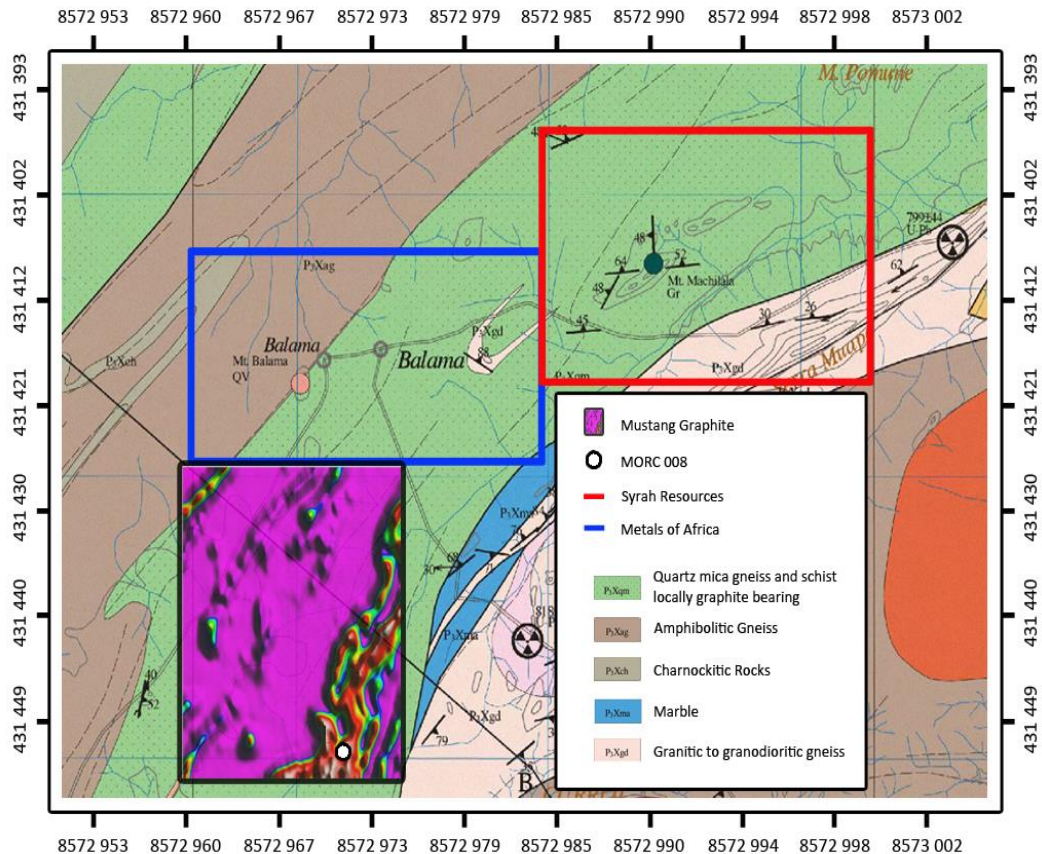


Figure 3: Drill results on Licence 5873L ("Balama North Project")

Licence 4662L (“Balama South Project”)

Drilling on Licence 4662L adjacent and along strike from Syrah’s Balama deposit and Metals of Africa’s (ASX: MTA) Central graphite project intersected a massive 69 metre shallow graphitic zone from 3 metres to 71 metres¹ (MORC008). Furthermore, analysis of the SkyTEM electromagnetic data for Licence 4662L shows a 6.4 km strike length on trend with the well advanced Syrah deposit which is scheduled to start mining in 2017.



¹ Internal intersections of mica and dolomitic marble are typically in the order of 3m in (downhole) thickness.



Figure 4: RC Drilling on Mustang Balama Project

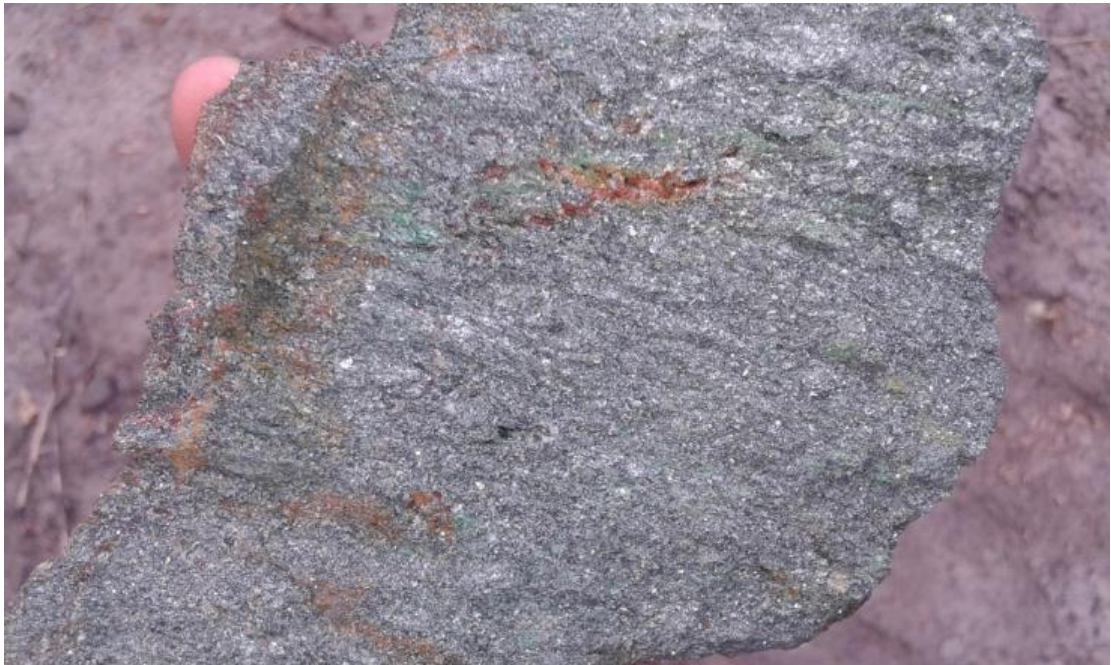


Figure 5: Surface graphite Sample from Balama North Project on Licence 5873L, within 10m of MORC-002

Summary of Drilling Results

The exceptional drilling results recorded to date across Mustang's Balama Graphite Project has produced shallow intersections which potentially represent extensions of nearby world-class graphite deposits. Graphite was intersected in seven of the ten RC holes drilled to date. Significant intersections of graphite are summarised in Table 1.

BHID	From (m)	To (m)	Downhole Interval (m)
MORC001 (5873L)	9	30	21
	37	39	2
	88	93	5
	100	102	2
MORC002 (5873L)	6	8	2
	10	11	1
	17	19	2
	27	32	5
	37	44	7
	48	50	2
	58	59	1
	66	67	1
MORC003 (5873L)	8	16	8
	17	25	8
	26	27	1
	28	31	3
	37	41	4
	42	48	6
	49	68	19
	69	77	8

MORC004 (6678L)	4	6	2
	10	16	6
	23	24	1
	25	26	1
	28	53	25
	54	57	3
	58	64	6
	67	74	7
	89	90	1
MORC006 (5873L)	11	15	4
	16	20	4
	32	48	16
	50	60	10
	61	65	4
	72	86	14
	88	90	2
	91	94	3
	97	99	2
	101	103	2
MORC007 (6636L)	0	23	23
	24	27	3
	36	37	1
	40	41	1
MORC008 (4662L)	3	12	9
	13	15	2
	16	17	
	18	20	2
	21	37	16
	38	42	4
	43	46	3
	48	51	3
	52	71	19

Table 1: Summary of significant logged graphite intercepts. Note: these intervals are based on field geological logging and will be confirmed once sampling and assaying has been completed and results have been received.

Future Work Program

Having undertaken a systematic drilling and analysis program of the Balama graphite project, which resulted in the identification of shallow widespread mineralized zones, the Company will now aim to advance the project from the exploration target stage through the various levels of resource confidence to scoping study and feasibility stages.

In relation to the current program, graphite samples are now undergoing processing at the laboratory in order to confirm the size, grade and quality of the mineralisation. The Company will update shareholders with the laboratory analysis from the completed drilling program in the near future.

For and behalf of the Company.

Ian C Daymond
Chairman

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FORWARD-LOOKING STATEMENTS:

This document may include forward-looking statements. Forward-looking statements include, but are not necessarily limited to the Company's planned exploration program and other statements that are not historic facts. When used in this document, words such as "could", "plan", "estimate", "expect", "intend", "may", "potential", "should" and similar expressions are forward-looking statements. Although the Company considers that its expectations reflected in these statements are reasonable, such statements involve risks and uncertainties, and no assurance can be given that actual results will be consistent with these forward-looking statements.

COMPETENT PERSON'S STATEMENT:

Information in this report that relates to 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 – DRILLHOLE SUMMARY TABLE

RC drillholes drilled to date as part of the 2015 maiden drill program

Drill Name	Coordinates - Zone 37		Concession Number	Down Hole Survey Results			
	Easting	Northing		Depth	AZIM	INC	MAG
MORC-001	479623	8546100	5873L	103m	159,1	69,8	36027
	13° 09' 05.5"	38° 48' 43.1"					
MORC-002	483870	8550568	5873L	91m	145,4	74,8	35644
	13° 06' 40.1"	38° 51' 04.3"					
MORC-003	484292	8555877	5873L	76m	83,8	76,4	34880
	13° 03' 47.3"	38° 51' 18.4"					
MORC-004	484939	8563344	6678L	99m	114,4	76,3	35298
	12° 59' 44.2"	38° 51' 40.0"					
MORC-006	478661	8546651	5873L	105m	139,6	70,4	36585
	13° 08' 47.5"	38° 48' 11.2"					
MORC-007	452240	8505362	6636	61m	137,4	67,4	35140
	13° 31' 10.5"	38° 33' 31.1"					
MORC-008	451450	8511181	4662L	85m	176,7	79,7	35069
	13° 28' 01.0"	38° 33' 05.2"					

RC drillholes drilled in October 2014 – refer to ASX announcement dated 10 June 2015 for additional information pertaining to these two drillholes

BHID	UTM East	UTM North	mRL	Azimuth	Dip	Depth	Hole Type	Licence No.
RC001	484791	8551728		120	-60	60	RC	5873L
RC002	479332	8554960		120	-60	50	RC	6527L

JORC CODE, 2012 EDITION – TABLE 1 -
Appendix to Graphite Announcement – 30 November 2015
Section 1 sampling techniques and data.

Criteria	JORC Code Explanation	MUS Commentary
Sampling techniques	<ul style="list-style-type: none"> <i>Nature and quality of sampling (eg cut channels, random chips, or specific specialised industry standard measurement tools appropriate to the minerals under investigation, such as down hole gamma sondes, or handheld XRF instruments, etc). These examples should not be taken as limiting the broad meaning of sampling.</i> <i>Include reference to measures taken to ensure sample representivity and the appropriate calibration of any measurement tools or systems used.</i> <i>Aspects of the determination of mineralisation that are Material to the Public Report. In cases where ‘industry standard’ work has been done this would be relatively simple (eg ‘reverse circulation drilling was used to obtain 1 m samples from which 3 kg was pulverised to produce a 30 g charge for fire assay’). In other cases more explanation may be required, such as where there is coarse gold that has inherent sampling problems. Unusual commodities or mineralisation types (eg submarine nodules) may warrant disclosure of detailed information.</i> 	<p><u>2014 Field Program</u></p> <p>Sampling undertaken as part of the initial exploration program included rock chip sampling from graphitic-bearing surface outcrop within prospecting & exploration licences 4661L and 4662L. Three representative rock chip samples were collected from two outcrop locations and were submitted to SGS Laboratories and Set Point Laboratories in Johannesburg for Cg % analysis (LECO), as well as XRF (major elements) and petrographic description by optical microscopy.</p> <p>Two test RC holes were drilled within prospecting & exploration licences 6527L and 5873L to test prospective stratigraphy for the presence of graphite mineralisation. The drillhole locations were generated based on results from the initial ground EM survey and airborne magnetic data. A total of 13 drillhole intervals were selected for sampling based on geological logging and only zones logged as graphitic-rich were submitted to the laboratory for analysis.</p> <p>Reverse circulation drilling was used to collect 1m samples (roughly 35kg) by an air cyclone which was reduced to a 3kg sample by riffing. The bagged 3kg samples were submitted to SGS Laboratories and Set Point Laboratories in Johannesburg for Cg %</p>

Criteria	JORC Code Explanation	MUS Commentary
		<p>analysis (LECO), as well as XRF (major elements) and petrographic description by optical microscopy.</p> <p>A total of eleven intervals from hole RC001 were selected for sampling:</p> <ul style="list-style-type: none"> - 5 – 6m - 9 – 10m - 22 – 23m - 32 – 33m - 37 – 38m - 42 – 43m - 43 – 44m - 47 – 48m - 50 – 51m - 51 – 52m - 57 – 58m <p>Two intervals from hole RC002 were selected for sampling:</p> <ul style="list-style-type: none"> - 5 – 6m - 17 – 18m <p>The initial exploration program was undertaken in order to confirm the presence of graphite mineralisation and results are not intended to be used for resource determination.</p> <p><u>2015 Field Program</u></p> <p>Samples have been taken from Reverse Circulation (RC) drillholes.</p> <p>Reverse circulation drilling was used to collect 1m samples (roughly 35kg) by an air cyclone which was reduced to a 3kg sample by riffing.</p> <p>Drillhole collar locations were generated based on results from a</p>

Criteria	JORC Code Explanation	MUS Commentary
		<p>recently flown airborne EM survey (refer to previous MUS ASX announcements).</p> <p>Ten RC drillholes have been drilled to date.</p> <p>Drillhole intervals were selected for sampling based on geological logging and samples showing no clear example of graphite will be excluded from the analysis completed by an accredited laboratory</p> <p>The bagged 3kg samples will be submitted for analysis of graphitic carbon, total carbon and sulphur. . In addition, selected samples will be submitted for flake size distribution analysis.</p> <p><u>No</u> samples from this phase of works have been submitted to a laboratory for analysis to date. Samples will be submitted in the coming weeks.</p> <p>A single “test pit” 1 metre by 2.4 metres was excavated to a depth of 1.8 metres. The “test pit” was excavated in close proximity to MORC-002.</p> <p>To date no samples have been collected from the test pit.</p>
Drilling techniques	<ul style="list-style-type: none"> • <i>Drill type (eg core, reverse circulation, open-hole hammer, rotary air blast, auger, Bangka, sonic, etc) and details (eg core diameter, triple or standard tube, depth of diamond tails, face-sampling bit or other type, whether core is oriented and if so, by what method, etc).</i> 	<p><u>2014 Field Program</u></p> <p>Reverse circulation drilling was used to drill two 5.5 inch diameter holes.</p> <p>RC drill chips were collected by an air cyclone at 1m intervals for logging and sampling. Approximately 35kg per metre was collected and reduced to a 3kg sample by riffing.</p>

Criteria	JORC Code Explanation	MUS Commentary
		<p><u>2015 Field Program</u></p> <p>Reverse circulation drilling was used to drill 5.5 inch diameter holes.</p> <p>RC drill chips were collected by an air cyclone at 1m intervals for logging and sampling. Approximately 35kg per metre was collected by an air cyclone which was reduced to a 3kg sample by riffing.</p> <p>Relfex Ezy shot tools were used to take downhole survey measurements to monitor drillhole azimuth and dip.</p>

Criteria	JORC Code Explanation	MUS Commentary
Drill sample recovery	<ul style="list-style-type: none"> • <i>Method of recording and assessing core and chip sample recoveries and results assessed.</i> • <i>Measures taken to maximise sample recovery and ensure representative nature of the samples.</i> • <i>Whether a relationship exists between sample recovery and grade and whether sample bias may have occurred due to preferential loss/gain of fine/coarse material.</i> 	<p><u>2014 Field Program</u></p> <p>The condition and qualitative estimates of RC sample recovery were determined through visual inspection of the 1m sample bags and recorded at the time of sampling. A hard copy and digital copy of the sampling log is maintained for data verification.</p> <p>The samples obtained are considered to be representative of the drilled intervals and no preferential loss or gain of fine or coarse material was identified during the initial exploration program.</p> <p><u>2015 Field Program</u></p> <p>The condition and qualitative estimates of RC sample recovery were determined through visual inspection of the 1m sample bags and recorded at the time of sampling. A hard copy and digital copy of the sampling log are maintained for data verification.</p> <p>Recovery has been good with 35kg + being returned per metre drilled. Several wet intervals had poor to no sample recovery.</p> <ul style="list-style-type: none"> • MORC001 the last metre was not recovered due to excess water (102-103m). • MORC003 three metres in the last 7 metres could not be recovered due to excess water make (70 – 71m, 72-73m and 76-77m). <p>Due to the early stage of exploration works at the project, no relationship between sample recovery and grade is known to exist at this point.</p>

Criteria	JORC Code Explanation	MUS Commentary
Logging	<ul style="list-style-type: none"> • Whether core and chip samples have been geologically and geotechnically logged to a level of detail to support appropriate Mineral Resource estimation, mining studies and metallurgical studies. • Whether logging is qualitative or quantitative in nature. Core (or costean, channel, etc) photography. • The total length and percentage of the relevant intersections logged. 	<p><u>2014 Field Program</u></p> <p>RC drillchip samples were geologically logged by trained geologists. The drillholes are considered by MUS to be ‘scout test drill holes’ and were not drilled for the purpose of Mineral Resource estimation.</p> <p>Logging of RC drill holes includes recording of lithology, mineralogy, mineralisation, weathering, colour and other features of the samples. RC Chip trays are photographed. Geological descriptions of the mineral volume abundances and assemblages are semi-quantitative.</p> <p>The drillholes were logged in full.</p> <p><u>2015 Field Program</u></p> <p>RC drillchip samples were geologically logged by trained geologists.</p> <p>The drillholes are considered by MUS to be part of a maiden drill program aimed at identifying shallow graphite mineralisation. Mustang will use the results from this maiden program to prioritise target areas, which will then become the focus of further drillhole definition programs.</p> <p>Whilst the aim of this maiden drill program is not to produce a Mineral Resource Estimate. These holes may potentially be used for resource estimation purposes in the future.</p> <p>Logging of RC drill holes includes recording of lithology,</p>

Criteria	JORC Code Explanation	MUS Commentary
		<p>mineralogy, mineralisation, weathering, colour and other features of the samples. RC Chip trays are photographed.</p> <p>Geological descriptions and estimates of visual graphite percentages on preliminary logs is semi-quantitative.</p> <p>All drillholes were logged in full.</p>
Sub-sampling techniques and sample preparation	<ul style="list-style-type: none"> <i>If core, whether cut or sawn and whether quarter, half or all core taken.</i> <i>If non-core, whether riffled, tube sampled, rotary split, etc and whether sampled wet or dry.</i> <i>For all sample types, the nature, quality and appropriateness of the sample preparation technique.</i> <i>Quality control procedures adopted for all sub-sampling stages to maximise representivity of samples.</i> <i>Measures taken to ensure that the sampling is representative of the in situ material collected, including for instance results for field duplicate/second-half sampling.</i> <i>Whether sample sizes are appropriate to the grain size of the material being sampled.</i> 	<p><u>2014 Field Program</u></p> <p>RC samples were collected on the rig using riffle splitters to reduce the sample mass from 35kg to 3kg. Sample preparation of the RC chip samples follows industry best practice in sample preparation involving oven drying (105°C), split (300g) and pulverising to a grind size of 85% passing 75 micron. The sample preparation for RC samples follows industry best practice.</p> <p>The majority of samples were dry, with some wet samples at depth in RC002.</p> <p>No field QC procedures were adopted (i.e. no certified standards or blanks were inserted and no field duplicates were collected).</p> <p>Due to the early nature of the project, nominal 1m composite sampling was undertaken for this phase of the exploration program.</p> <p><u>2015 Field Program</u></p> <p>RC samples are collected on the rig using riffle splitters to reduce the sample mass from 35kg to 3kg. Sample preparation of the RC</p>

Criteria	JORC Code Explanation	MUS Commentary
		<p>chip samples follows industry best practice in sample preparation involving oven drying (105°C), split (300g) and pulverising to a grind size of 85% passing 75 micron. The sample preparation for RC samples follows industry best practice.</p> <p>The majority of samples were dry, with some wet samples at depth in MORC001 and MORC003.</p> <p>Field QC procedures were adopted as follows:</p> <ul style="list-style-type: none"> • Insertion rate for blanks - 5% (1 in 20) • Insertion rate for standards - 5% (1 in 20) • Insertion rate for duplicates - 5% (1 in 20) • Umpire duplicates - 5% (1 in 20) <p>Two CRM (GGC004 and GGC09) were obtained from Geostats Pty Ltd to monitor analysis of laboratory for graphitic carbon, carbon and sulphur.</p> <p>1m RC composite sampling has been undertaken for this phase of the exploration program.</p>
<p><i>Quality of assay data and laboratory tests</i></p>	<ul style="list-style-type: none"> • <i>The nature, quality and appropriateness of the assaying and laboratory procedures used and whether the technique is considered partial or total.</i> • <i>For geophysical tools, spectrometers, handheld XRF instruments, etc, the parameters used in determining the analysis including instrument make and model, reading times, calibrations factors applied and</i> 	<p><u>2014 Field Program</u></p> <p>Fourteen samples were analysed by SGS Laboratories in South Africa for Graphitic Carbon and Total Carbon on a Leco Combustion Infrared Detection instrument. In addition, these samples were analysed for multi element abundances (including V₂O₅) by XRF and underwent petrographic thin section analysis to determine graphitic carbon flake size distribution.</p>

Criteria	JORC Code Explanation	MUS Commentary
	<p><i>their derivation, etc.</i></p> <ul style="list-style-type: none"> • <i>Nature of quality control procedures adopted (eg standards, blanks, duplicates, external laboratory checks) and whether acceptable levels of accuracy (ie lack of bias) and precision have been established.</i> 	<p>Two samples were submitted to Set Point Laboratories for analysis of Graphitic Carbon and Total Carbon on a Leco Combustion Infrared Detection instrument, and vanadium by SD/ICP. Samples were also subjected to a size fraction distribution analysis.</p> <p>Detection limits for these analyses are considered appropriate for the reported assay grades and adequate for the phase of the exploration program.</p> <p>No geophysical tools were used to determine any element concentrations.</p> <p>No QC procedures were adopted (i.e. no certified standards or blanks were inserted and no field duplicates were collected).</p> <p>Both SGS and Set Point carried out sample preparation checks for fineness as part of their internal procedures to ensure the grind size of 85% passing 75 micron was being attained. Laboratory QAQC involves the use of internal lab standards using certified reference material, blanks, and repeats as part of their in-house procedures.</p> <p><u>2015 Field Program</u></p> <p><u>No</u> samples from this phase of works have been submitted to a laboratory for analysis to date.</p> <p>Samples will be submitted to an accredited Laboratory for analysis of Graphitic Carbon and Total Carbon on a Leco Combustion Infrared Detection instrument. In addition, selected samples will</p>

Criteria	JORC Code Explanation	MUS Commentary
		<p>be submitted for flake size distribution analysis.</p> <p>Samples will be submitted in the coming weeks.</p>
<p><i>Verification of sampling and assaying</i></p>	<ul style="list-style-type: none"> <i>The verification of significant intersections by either independent or alternative company personnel.</i> <i>The use of twinned holes.</i> <i>Documentation of primary data, data entry procedures, data verification, data storage (physical and electronic) protocols.</i> <i>Discuss any adjustment to assay data.</i> 	<p><u>2014 Field Program</u></p> <p>Mr. Johan Erasmus, an independent geologist, has visually verified the geological observations reported in the RC drillholes.</p> <p>No twin holes were drilled.</p> <p>Sample information was recorded at the time of sampling in electronic and hard copy form.</p> <p>Data is documented by Mr. Johan Erasmus and primary data is kept in a Microsoft Access database. Assay data is received from the laboratory in electronic form and compiled into the Company's digital database. A copy of the data is stored in Mr. Erasmus' office as well as in Mustang's office in Pretoria, RSA.</p> <p>Assay data was reported as received from the laboratory (refer to MUS ASX announcement dated 10 June 2015). No adjustments or calibrations have been made to any assay data.</p> <p><u>2015 Field Program</u></p> <p>Mr. Johan Erasmus, an independent geologist, has visually verified the geological observations reported in the RC drillholes.</p>

Criteria	JORC Code Explanation	MUS Commentary
		<p>No twin holes have been drilled to date.</p> <p>Sample information is recorded at the time of sampling in electronic and hard copy form.</p> <p>Data is documented by Mr. Johan Erasmus and primary data is kept in a Microsoft Access database. A copy of the data is stored in Mr. Erasmus' office as well as in Mustang's office in Pretoria, RSA.</p> <p>No assay data has been received for this phase of works.</p>
<i>Location of data points</i>	<ul style="list-style-type: none"> • <i>Accuracy and quality of surveys used to locate drill holes (collar and down-hole surveys), trenches, mine workings and other locations used in Mineral Resource estimation.</i> • <i>Specification of the grid system used.</i> • <i>Quality and adequacy of topographic control.</i> 	<p><u>2014 Field Program</u></p> <p>Collar locations and rockchip sample locations were surveyed with a Garmin 62/64 GPS Device. The Garmin devices typically have an error of +/- 7m.</p> <p>No downhole survey measurements were taken.</p> <p>All spatial data was collected in WGS 84 and the datum used is UTM Zone 37 South.</p> <p><u>2015 Field Program</u></p> <p>Collar locations were surveyed with a Garmin 62/64s GPS Device. The Garmin devices typically have an error of +/- 7m.</p> <p>All spatial data was collected in WGS 84 and the datum used is UTM Zone 37 South.</p> <p>A DTM surface was produced by SkyTEM as part of the recent</p>

Criteria	JORC Code Explanation	MUS Commentary
		airborne geophysics program completed by Mustang.
Data spacing and distribution	<ul style="list-style-type: none"> <i>Data spacing for reporting of Exploration Results.</i> <i>Whether the data spacing and distribution is sufficient to establish the degree of geological and grade continuity appropriate for the Mineral Resource and Ore Reserve estimation procedure(s) and classifications applied.</i> <i>Whether sample compositing has been applied.</i> 	<p><u>2014 Field Program</u></p> <p>Two scout test RC drillholes were drilled in prospecting & exploration licences 6527L and 5873L and three rock chip samples were collected from surface outcrops in licences 4661L and 4662L.</p> <p>Drilling data is at the exploration level and data is not considered to be sufficient to establish the degree of geological and grade continuity appropriate for the Mineral Resource and Ore Reserve estimation procedure.</p> <p>Drillhole collar information is tabulated in Appendix 1.</p> <p>No sample compositing has applied.</p> <p><u>2015 Field Program</u></p> <p>Eight of the RC drillholes were inclined on average at -74 to 78 degrees. Two of the RC drillholes were drilled vertically.</p> <p>Due to the early stage of the exploration program, there is no nominal sample spacing. Drillhole collars have been planned to test EM anomalies.</p> <p>Drilling data is at the exploration level and data is not considered to be sufficient to establish the degree of geological and grade</p>

Criteria	JORC Code Explanation	MUS Commentary
		<p>continuity appropriate for the Mineral Resource and Ore Reserve estimation procedure.</p> <p>No sample compositing has been applied.</p> <p>The collar details are tabulated in Appendix 1.</p>
<p><i>Orientation of data in relation to geological structure</i></p>	<ul style="list-style-type: none"> <i>Whether the orientation of sampling achieves unbiased sampling of possible structures and the extent to which this is known, considering the deposit type.</i> <i>If the relationship between the drilling orientation and the orientation of key mineralised structures is considered to have introduced a sampling bias, this should be assessed and reported if material.</i> 	<p><u>2014 Field Program</u></p> <p>RC drillholes were inclined at -60° orientated on a bearing of 120° (measured clockwise with North at 0°).</p> <p>The orientation of the RC holes was designed based on regional geology interpretations and designed to test the broad stratigraphy.</p> <p>No sampling bias is considered to have been introduced.</p> <p><u>2015 Field Program</u></p> <p>The orientation of the RC holes were designed based on regional geology interpretations and designed to test the broad stratigraphy.</p> <p>No sampling bias is considered to have been introduced at this early stage of the project.</p>
<p><i>Sample security</i></p>	<ul style="list-style-type: none"> <i>The measures taken to ensure sample security.</i> 	<p><u>2014 Field Program</u></p> <p>Samples were kept in a locked room after collection, and shipped in sealed containers by Mustang to SGS and Set Point Laboratories</p>

Criteria	JORC Code Explanation	MUS Commentary
		<p>in South Africa.</p> <p>Sample residue was retained by SGS and Set Point for safekeeping until further analysis is needed.</p> <p><u>2015 Field Program</u></p> <p>Samples are stored at the company's field base until laboratory dispatch.</p> <p>Samples will be transported in sealed containers to South Africa for analysis.</p> <p>Any visible signs of tampering will be reported by the laboratory upon sample receipt.</p>
<i>Audits or reviews</i>	<ul style="list-style-type: none"> <i>The results of any audits or reviews of sampling techniques and data.</i> 	No external audits have been undertaken for this stage of work.

Section 2 reporting of exploration results

Criteria	Explanation	
<i>Mineral tenement and land tenure status</i>	<ul style="list-style-type: none"> <i>Type, reference name/number, location and ownership including agreements or material issues with third parties such as joint ventures, partnerships, overriding royalties, native title interests, historical sites, wilderness or national park and environmental settings.</i> <i>The security of the tenure held at the time of reporting along with any known impediments to obtaining a licence to operate in the area.</i> 	<p>Mustang's Balama Graphite Project area consists of 6 prospecting & exploration licences covering a total area of 666.64 km². Mustang has acquired rights to earn majority interests in these licences by acquiring all of the issued capital of Balama Resources Pty Ltd under an agreement with Balama Resources Pty Ltd.</p> <p>Refer to ASX announcement dated 20 October 2014 for full details regarding ownership and earn-in rights.</p> <p>All statutory requirements were acquired prior to exploration work. All licences have been awarded and issued</p> <p>The Company is not aware of any impediments relating to the licences or the area.</p>
<i>Exploration done by other parties</i>	<ul style="list-style-type: none"> <i>Acknowledgment and appraisal of exploration by other parties.</i> 	<p>No prior exploration work done by other parties on the licence areas except for the 1:250,000 geological maps generated by the Government of Mozambique and country wide airborne magnetics and radiometric geophysical surveys flown over the region by the Government of Mozambique.</p>
<i>Geology</i>	<ul style="list-style-type: none"> <i>Deposit type, geological setting and style of mineralisation.</i> 	<p>The area is predominantly underlain by Proterozoic rocks that form a number of gneiss complexes that range from Palaeo to Neoproterozoic in age (Boyd et al., 2010). The Mustang project area is underlain by metamorphic rocks of the Neoproterozoic Lurio Group within the Xixano Complex (Brice, 2012) in north-eastern Mozambique. The Xixano complex is composed dominantly of mafic to intermediate orthogneiss with intercalations of paragneiss, meta-</p>

Criteria	Explanation	
		arkose, quartzite, tremolite-rich marble and graphitic schist. Graphite rich units are comprised of sequences of metamorphosed carbonaceous pelitic and psammitic (sandstone) sediments within the Proterozoic Mozambique Belt (Brice, 2012). Metamorphic grade is typically amphibolite facies.
Drillhole Information	<ul style="list-style-type: none"> • <i>A summary of all information material to the understanding of the exploration results including a tabulation of the following information for all Material drill holes:</i> • <i>easting and northing of the drill hole collar</i> • <i>elevation or RL (Reduced Level – elevation above sea level in metres) of the drill hole collar</i> • <i>dip and azimuth of the hole</i> • <i>down hole length and interception depth</i> • <i>hole length.</i> • <i>If the exclusion of this information is justified on the basis that the information is not Material and this exclusion does not detract from the understanding of the report, the Competent Person should clearly explain</i> 	<p>Two RC holes were drilled in late 2014 as part of a scout drilling program. Refer to ASX announcement dated 10 June 2015 for further information and results.</p> <p>Information pertaining to drilling completed to date is provided in Appendix 1 and Appendix 2.</p>

Criteria	Explanation	
	<i>why this is the case.</i>	
<i>Data aggregation methods</i>	<ul style="list-style-type: none"> <i>In reporting Exploration Results, weighting averaging techniques, maximum and/or minimum grade truncations (eg cutting of high grades) and cut-off grades are usually Material and should be stated.</i> <i>Where aggregate intercepts incorporate short lengths of high grade results and longer lengths of low grade results, the procedure used for such aggregation should be stated and some typical examples of such aggregations should be shown in detail.</i> <i>The assumptions used for any reporting of metal equivalent values should be clearly stated.</i> 	No weighting averaging techniques have been applied.

Criteria	Explanation	
<i>Relationship between mineralisation widths and intercept lengths</i>	<ul style="list-style-type: none"> • <i>These relationships are particularly important in the reporting of Exploration Results.</i> • <i>If the geometry of the mineralisation with respect to the drill hole angle is known, its nature should be reported.</i> • <i>If it is not known and only the down hole lengths are reported, there should be a clear statement to this effect (eg 'down hole length, true width not known').</i> 	<p>No relationship between mineralisation widths and intercept lengths is known at this stage.</p> <p>Assay grades have been reported and tabulated by sample interval for the 2014 drill program are reported in ASX announcement dated 10 June 2015.</p> <p>No assay grades have been reported as part of the 2015 drilling program.</p>
<i>Diagrams</i>	<ul style="list-style-type: none"> • <i>Appropriate maps and sections (with scales) and tabulations of intercepts should be included for any significant discovery being reported These should include, but not be limited to a plan view of drill hole collar locations and appropriate sectional views.</i> 	<p>Appropriate plans and maps are included in the body of the announcement.</p>
<i>Balanced reporting</i>	<ul style="list-style-type: none"> • <i>Where comprehensive reporting of all Exploration Results is not practicable, representative reporting of both low and high grades and/or widths should be practiced to avoid misleading reporting of Exploration Results.</i> 	<p>The report is considered to be balanced.</p> <p>2014 drilling and rockchip sampling results have been reported in ASX announcement dated 10 June 2015.</p>

Criteria	Explanation	
<i>Other substantive exploration data</i>	<ul style="list-style-type: none"> <i>Other exploration data, if meaningful and material, should be reported including (but not limited to): geological observations; geophysical survey results; geochemical survey results; bulk samples – size and method of treatment; metallurgical test results; bulk density, groundwater, geotechnical and rock characteristics; potential deleterious or contaminating substances.</i> 	<p>Regional geological mapping and regional airborne geophysics (magnetics and radiometrics) have been obtained from the Mozambican Government.</p> <p>In addition Mustang flew airborne geophysics survey (SkyTEM) across 6 of its tenements. The geophysics dataset sets were used to aid in interpretations and plan the 2015 drillhole program collar locations.</p>
<i>Further work</i>	<ul style="list-style-type: none"> <i>The nature and scale of planned further work (e.g tests for lateral extensions or depth extensions or large-scale step-out drilling).</i> <i>Diagrams clearly highlighting the areas of possible extensions, including the main geological interpretations and future drilling areas, provided this information is not commercially sensitive.</i> 	<p>The drilling of priority targets identified from the SkyTEM survey is ongoing.</p> <p>Results will be announced as they become available.</p>

