



BALAMA GRAPHITE PROJECT - UPDATE

COMPANY INFORMATION

Mustang Resources Ltd
ABN 34 090 074 785

ASX Code: MUS
Current Shares on Issue:
155,568,098
Market Capitalisation
\$14.3 M as at 7 March 2016

COMPANY DIRECTORS

Ian Daymond
Chairman

Christiaan Jordaan
Managing Director

Cobus van Wyk
Director

Frank Petruzzelli
Director

Andrew Law
Director

CURRENT PROJECTS

DIAMONDS

- Save River Diamond Project

GRAPHITE

- Balama Graphite Project

RUBIES

- Montepuez Ruby Project

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8 March 2016

MUSTANG EXERCISES OPTION TO ACQUIRE TWO ADDITIONAL LICENCES IN WORLD-CLASS MOZAMBIQUE GRAPHITE PROVINCE

- Mustang consolidates position in world-class graphite province with the exercise of its option to acquire two new licences covering 205km²
- SkyTEM electromagnetic survey has been successfully completed over both licences which are located North of Mustang's Balama Project
- Strong EM anomalies identified along strike from the major graphite discoveries held by Mustang, Metals of Africa (ASX:MOA), Triton (ASX:TON) and Syrah (ASX:SYR)
- Multiple priority targets have been identified for drilling
- EM anomalies demonstrate strong correlation for potential extensions of nearby world-class graphite deposits of both Mozambique and Tanzania graphite belts

Mustang Resources Ltd (ASX: MUS) ("Mustang" or the "Company") is pleased to announce the exercise of its option to acquire, from Regius Resources Group Ltd, the rights to a 90% (6363L) & 95% (7560L) interest in two additional exploration licences north of the Company's existing Balama Graphite Project in Mozambique. Completion of the acquisitions is subject to the payment of US\$50,000 by 15 April 2016.

Mustang now holds eight highly prospective exploration licences in the world-class graphite province in northern Mozambique. The additional licences are situated in a well-documented metamorphic belt located between known high grade graphite regions in Tanzania (to the North) and Balama (to the South).

Following detailed analysis of all available geophysical data, an airborne EM survey was completed over licences 6363L and 7560L, in September 2015. Both licence areas yielded well-defined EM anomalies. These anomalies were prioritised and warrant immediate follow-up exploration.

The Company is encouraged that the EM anomalies identified may represent an extension of the highly prospective graphitic schist unit of the metamorphic belt which extends from northern Mozambique to southern Tanzania. Therefore, the possibility of discovering a high-grade graphite deposit along strike is a reasonable expectation.

Mustang Resources Managing Director, Christiaan Jordaan, commented, “The Company is very pleased to acquire these two additional graphite licences, located north of our existing Balama Graphite Project.

Importantly, these licences further strengthens the Company’s position as a major role player in what is widely regarded as a world-class graphite province and we view this as a strategic holding for our shareholders.”

As previously mentioned, Mustang remains firmly focused on developing its Montepuez Ruby Project in order to generate near-term cash flows, however a systematic program will also be scheduled to follow up these exciting high-priority graphite targets.”

REGIONAL GEOLOGY

The graphite complex in northern Mozambique forms part of the well documented East African Orogen extending for ~6000km from southern Israel, Sinai and Jordan through Kenya, Tanzania, Mozambique to southern Madagascar. Given the size of the Complex, there are variations in the tectonic events along its entire length. One well documented tectonic event which is noted is the Eastern Granulite–Cabo Delgado Nappe Complex of southern Kenya, Tanzania and Mozambique that is an extended crust that formed adjacent to the Mozambique Ocean and experienced a ~650–620Ma granulite-facies metamorphism.

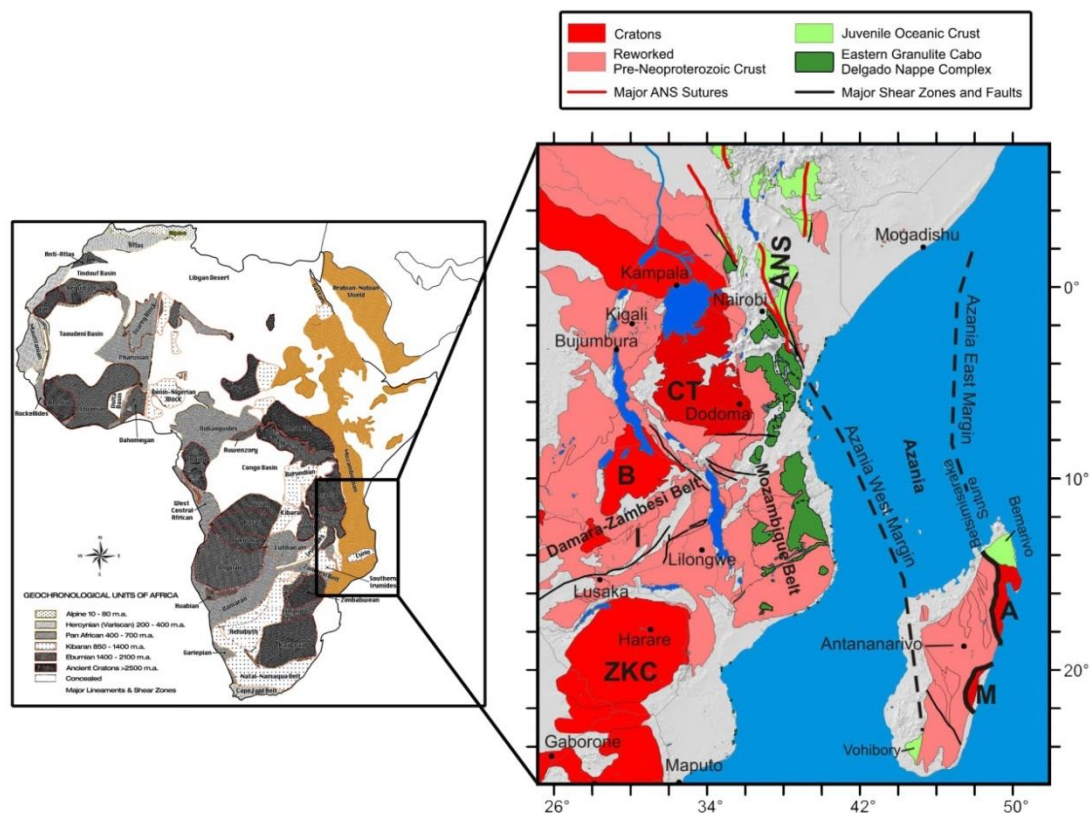


Figure 1. The well documented East African Orogen belt (in yellow) extends for some 6000km. A closer inspection of the belt shows the geology of the Eastern Granulite Cabo Delgado Nappe Complex (in dark green)

High-grade graphite bodies have been recorded all along the Cabo Delgado Nappe Complex. The regional geology within the complex comprises of metasediments, quartzites amphibole and biotite gneisses and graphite schists and gneisses. The new Mustang graphite licences 6363L & 7560L overlay the graphite belt with graphite projects being developed both north and south of the Project area. North of these new licences a number of companies such as IMX Resources (ASX:IMX), Magnis Resources (ASX:MNS) and Kibaran Resources (ASX:KNL) have projects developing in Southern Tanzania and south of these licences (in Northern Mozambique) Metals of Africa (ASX:MTA), Syrah Resources (ASX:SYR) and Triton Minerals (ASX:TON) are developing their graphite projects (seen in Figure 2).

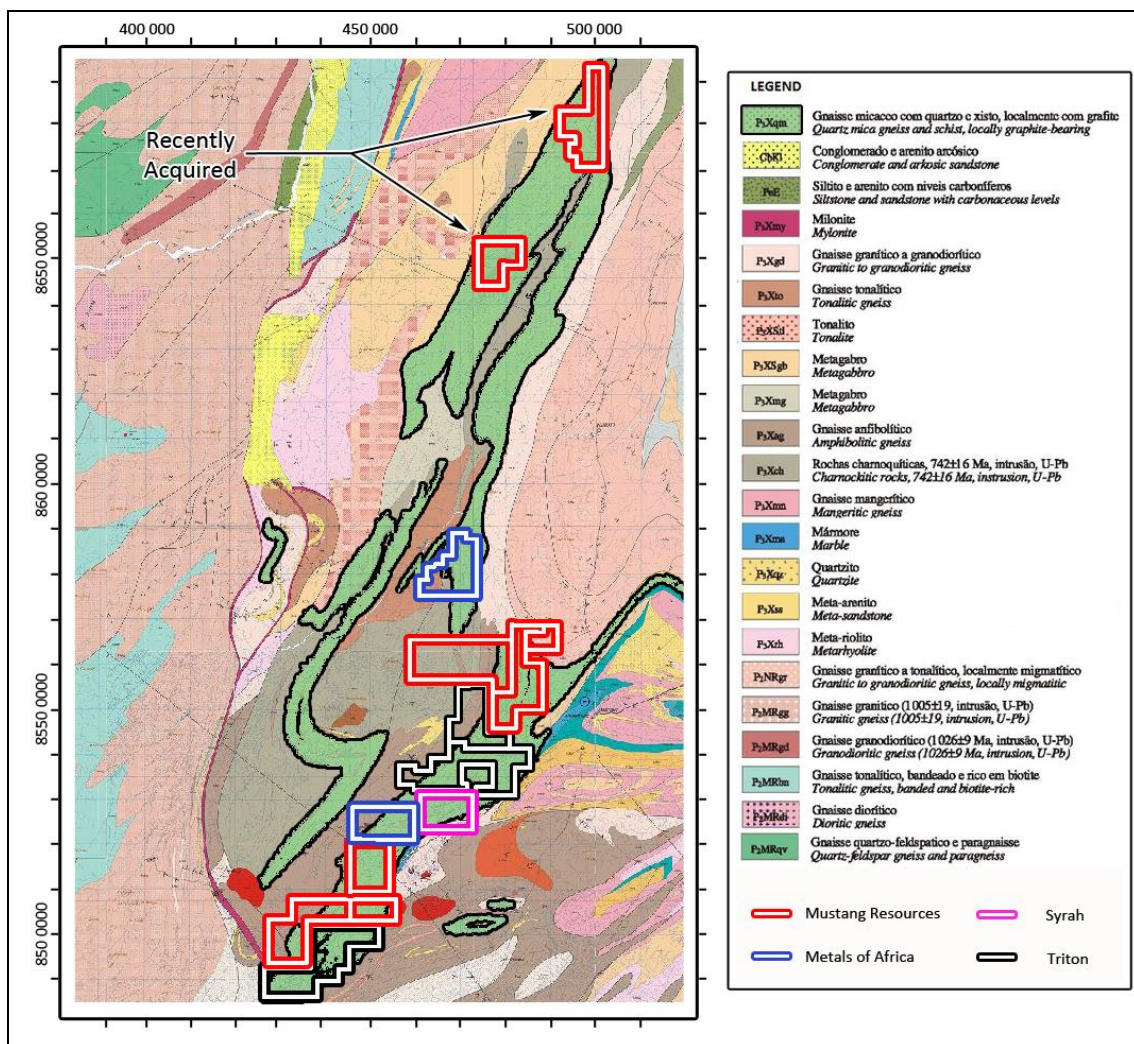


Figure 2. Mustang's Balama Graphite Project, regional geological map depicting the graphitic schist strike through the exploration concessions

HIGH-PRIORITY TARGETS IDENTIFIED

Mustang commissioned SkyTEM Australia Pty Ltd (SkyTEM) and ASST Pty Ltd (ASST) to complete EM survey and process the data respectively. Anomalies were ranked based on amplitude and extent among other parameters. The detailed analysis of the EM data identified a number of high-priority anomalies as indicated in Figure 4 and 5.

The surveys over both licences 6363L and 7560L were flown with anomalous line spacing of 200m. Since the EM responses over these targets are similar to those drilled at the Balama Project, these anomalies give the Company confidence to host graphite mineralization. The Company is further encouraged by the positive drill results as previously announced together with the promising regional setting. These EM targets will be followed up with additional drilling as planned.

- Target 1 (6363L); modelling of the EM anomaly indicated the source of the anomaly at approximately 145m depth and a width of approximately 120m (Figure 4.). The anomaly sits within the Cabo Delgado Nappe Complex in close spatial association with a regional structure as defined in airborne magnetic data.

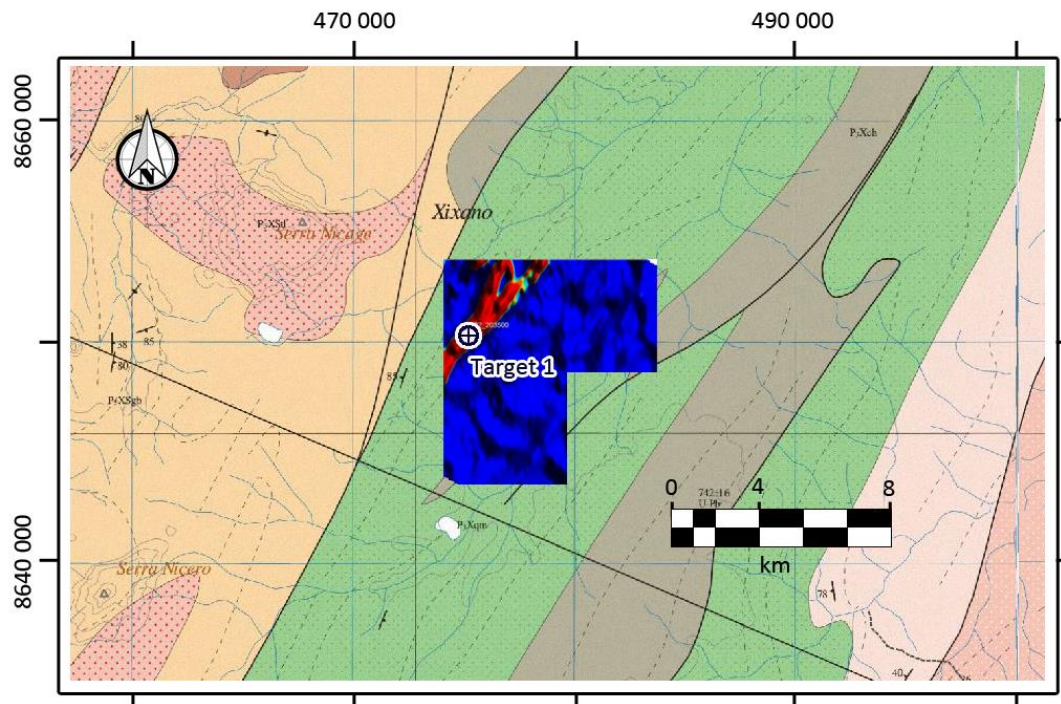


Figure 3. Conductivity depth image (CDI) showing EM anomalies within 6363L, showing the location of priority targets. The proposed drill hole collars are indicated (black and white circles)

- Targets 2 & 3 (7560L, see Figure 5); models of these deep SkyTEM anomalies need to be tested through a series of drill holes to verify model extents. The models place the source of these targets at approximately 120 m (Target 2) and 166 m (Target 3). These anomalies are located within the Cabo Delgado Nappe along strike of known graphite bodies.

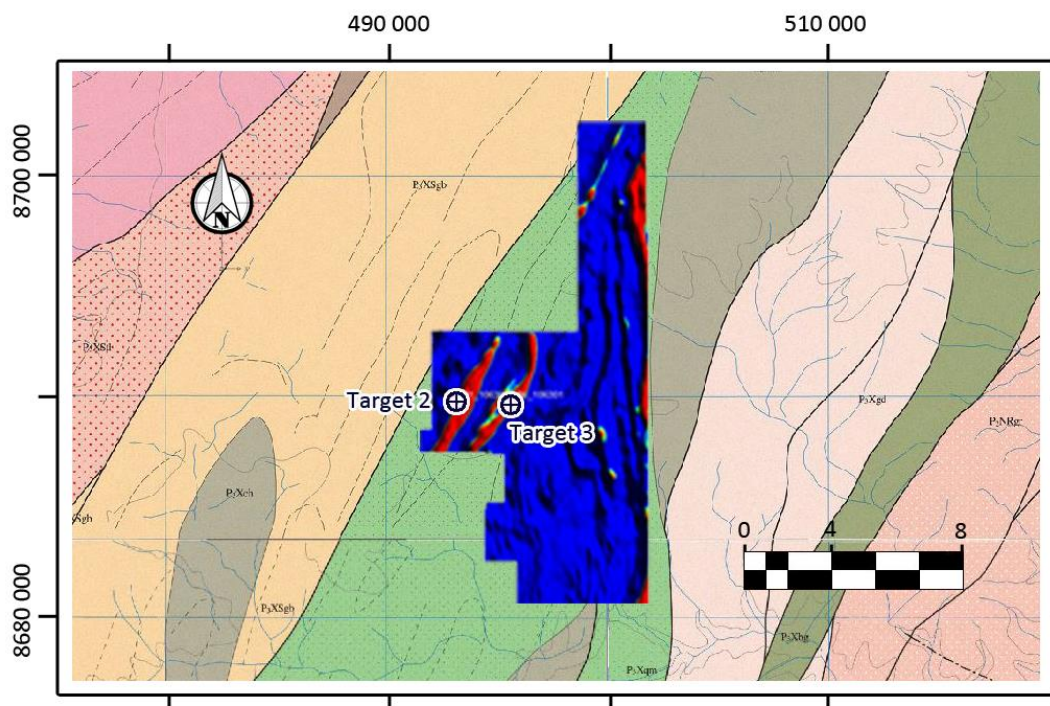


Figure 4. Conductivity depth image (CDI) showing EM anomalies within 7560L, showing the location of priority targets. The proposed drill hole collars are indicated (black and white circles)

With the acquisition of these new licences, Mustang now holds over 870km² of highly prospective graphite exploration licences in the sought after graphite province of Mozambique, placing Mustang at the front as the largest graphite tenement holder in the region. Mustang recognised the high prospectivity for the added licence areas to host graphite and high-priority targets identified through the use of airborne EM surveys encouraged the Company to take up the additional licences.

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:

In this report, the information that relates to Exploration Targets and Geophysical Exploration results and analysis, is based on information compiled by Mr Christiaan Mouton, a Competent Person who is a registered member of the Australian Institute of Geoscientists and also a registered member of the South African Council for Natural Scientific Professions (SACNASP), which is an Recognised Professional Organisation (RPO) included in a list posted on the ASX website. Mr Mouton is a consultant with Applied Scientific Services and Technology (ASST) who were engaged by the Company to undertake this work. Mr Mouton has sufficient experience in the application of geophysical methods and techniques that is relevant to the exploration of this 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 Mouton consents to the inclusion of the data in the form and context in which it appears.