



MONTEPUEZ RUBY PROJECT UPDATE

COMPANY INFORMATION

Mustang Resources Ltd
ABN 34 090 074 785
ASX Code: MUS

Current Shares on Issue:
194,250,598
Market Capitalisation
\$7.77 M as at 10 May 2016

COMPANY DIRECTORS

Ian Daymond
Chairman

Christiaan Jordaan
Managing Director

Cobus van Wyk
Director

Frank Petruzzelli
Director

Andrew Law
Director

11 May 2016

MONTEPUEZ RUBY PROJECT WORK PROGRAM PROGRESSING ON SCHEDULE

- **Tranche 1 of the \$3 million placement completed on 9 May 2016 (~\$1.5 million)**
- **Montepuez camp established and key processing equipment arrived on site via refurbished access roads**
- **Phase 1 of work program – including drilling and trenching - to commence early June 2016**
- **Low-cost bulk sampling program (Phase 2 of the work program) start-up to follow drilling and trenching program**
- **Work program managed by Mr. Paul Allan (independent CP), a geologist with a 25 year track record and previous experience working for Gemfields PLC**

Mustang Resources Ltd (ASX: MUS) ("Mustang" or the "Company") is pleased to announce that onsite activities in preparation for the commencement of drilling and trenching ("Phase 1") at the Montepuez Ruby Project are progressing on schedule.

The Company has now established an exploration base camp, mobilised critical processing equipment and completed the refurbishment of access roads.

Following the completion of Phase 1 of the work program, Mustang intends to commence a bulk sampling program ("Phase 2") at Montepuez, targeting the initial processing of at least 600tpd.

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Mustang’s Managing Director, Christiaan Jordaan, commented; “The Company is very satisfied with the level of onsite progress made to date, as we advance towards an exciting phase in the development of a potential ruby mining operation at Montepuez.

“As part of our preparatory activities, Mustang representatives have had numerous consultations with the appropriate Governmental Departments and Communities – with the accepted formalities and protocols having been successfully carried out.

“Furthermore, the Montepuez camp has been established and the key bulk sampling equipment has arrived on site, with vital access roads to the processing plant and camp having been refurbished.

“The Company considers that the upcoming work program will play a critical role in unlocking the significant underlying value at Montepuez and we look forward to providing further operational updates in due course.”

MONTEPUEZ WORK PROGRAM – NEXT STEPS

The Company’s operational team is now in the final stages of preparing to commence Phase 1 of the work program at Montepuez.

Mustang has also begun setting up the processing plant in preparation for the commencement of bulk sampling in Q3 CY2016. The design and layout of the project and positioning of the processing plant, incorporates a number of strategic advantages, including minimising trucking distances, which saves on both time and diesel expenses.



Figure 1. (i. and ii.) Processing equipment mobilised to site (i.) 16-foot pan and (ii.) feed-bin and conveyor belt (iii) trucks arriving & (iv) PPE Gear hand-out



Figure 2. Montepuez exploration camp

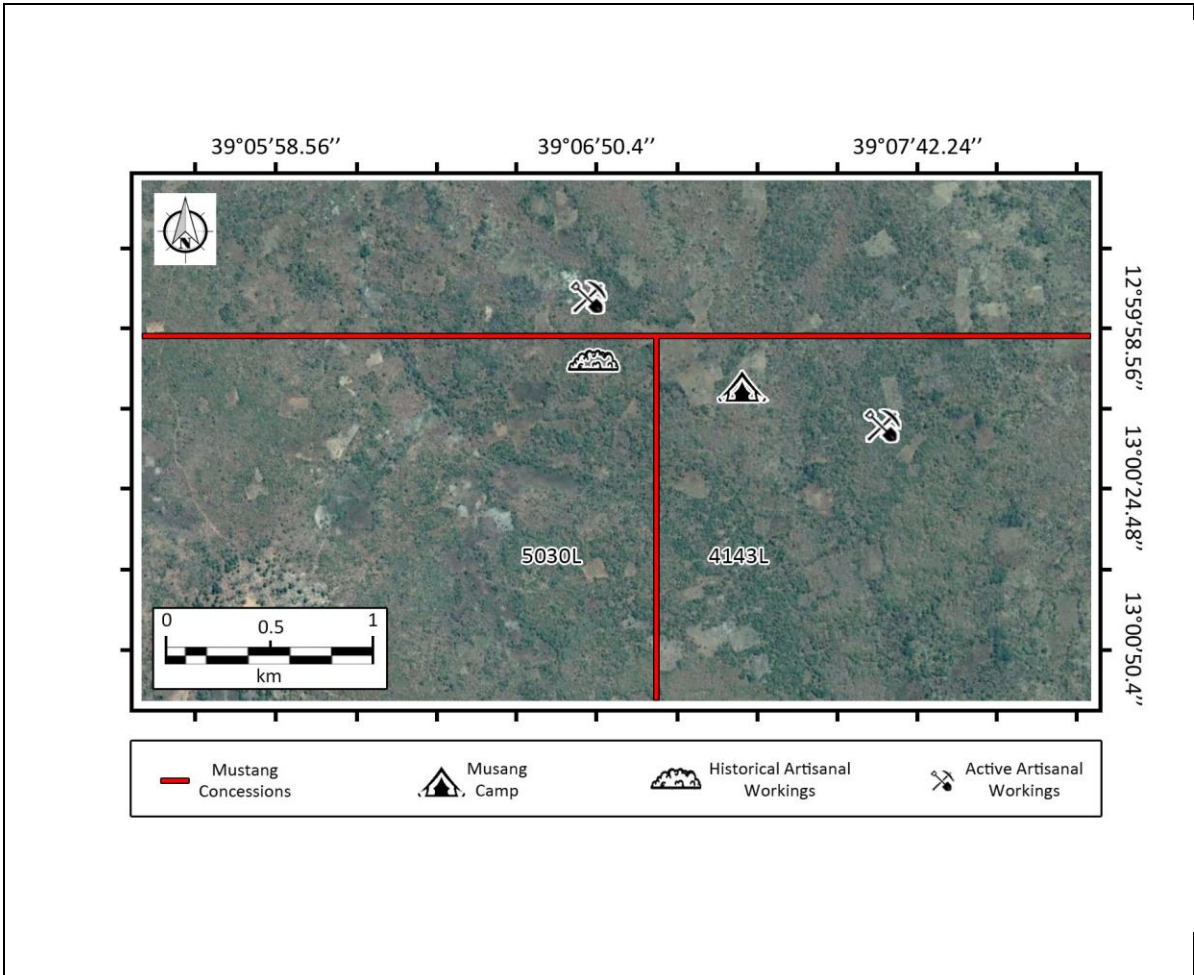


Figure 3. Placement of Mustang’s camp, and the historic and recent artisanal diggings within and around the Mustang concessions

Mustang has prioritised the setting up of the processing plant for bulk sampling, with an estimated completion targeted by end of June 2016. The tasks which are currently on track to be undertaken in the coming weeks include:

- Trenching and auger drilling program to delineate sampling targets and extent of prospective geology for ruby mineralisation;
- Water borehole for processing plant;
- Procurement and transportation of scrubber & dewatering screen from South Africa;
- Procurement and construction of sort house; and
- Assembling and commissioning of processing plant.

While the operational team completes the assembly and commissioning of the sampling plant, field work will continue with the main intention of delineating further bulk sampling targets. The Company intends to acquire a clear understanding of the geology and the stratigraphy prior to initiating the bulk sampling program. With the commencement of the bulk sampling, the exploration team will analyse and incorporate the gathered data providing even more insight into the region's geology.

Mustang is pleased to have Mr. Paul Allan join their team as a Competent Person/consulting geologist on the Montepuez Ruby Project. Paul has an intimate knowledge of the Montepuez area and his experience and insight is a valuable addition to the strong operational team.

Paul has over 25 years' experience in multi commodity geology (predominantly precious stones exploration and evaluation). His experience includes kimberlite mineral chemistry & petrography (Anglo American Research Laboratories), Exploration Manager Southern Africa (SouthernEra), Senior Project Geologist (Firestone Diamonds) as well as Project Geologist for Gemfields PLC (GEM:LN) where he was instrumental in the initial development of their Ruby Project in Mozambique from the start of the bulk sampling program in 2012 up to 2014 as part of the team proving up the world's largest known ruby deposit, with sales of ~US\$150million from the exploration program to date..

For and behalf of the Company.

Christiaan Jordaan
Managing Director

FOR FURTHER INFORMATION PLEASE CONTACT:

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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 the Montepuez Ruby Project's Exploration Targets, Exploration Results, Mineral Resources and Ore Reserves is based on information compiled by Paul Allan, 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. Allan is an independent consultant who was engaged by the company to undertake this work. Mr. Allan 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. Mr. Allan consents to the inclusion of the data in the form and context in which it appears.

