



ANNOUNCEMENT

11 May 2016

EXECUTION OF LANSTEAD AGREEMENT SECURES ADDITIONAL FUNDING

- **Mustang has executed binding agreements with its largest shareholder Lanstead Capital LP securing the \$850,000 investment announced on 28 April 2016**
- **Lanstead's investment is in addition to the recently completed ~\$3.0 million placement finalised 28 April 2016**
- **Funding to be deployed towards advancement of flagship Montepuez Ruby Project in Mozambique with bulk sampling on-track to start in June 2016**

Mustang Resources Limited (ASX:MUS) ("**Mustang**" or "**the Company**") is pleased to announce that it has executed binding agreements with Lanstead Capital LP for an investment of \$850,000 therefore meeting one of the conditions listed in the 28 April 2016 announcement.

A Notice of Meeting detailing the resolution and seeking shareholder approval for the Lanstead transaction will shortly be dispatched.

Terms of the Lanstead Agreement

The Agreement between the Company and Lanstead Capital LP ("**Lanstead**") is for an equity funding investment pursuant to which Lanstead will subscribe upfront for a total of 21,250,000 ordinary shares to be issued at a price of \$0.04 per share (\$850,000 nominal value at \$0.04 per share). In addition, the parties entered into a sharing agreement with funds made available to the Company over an 18 month period, along the lines of the previous arrangement entered into between the parties ("**Sharing Agreement**") (together the "**Investment**"). The conclusion of the Investment is subject to approval of shareholders at the EGM in June 2016.

Under the terms of the proposed Sharing Agreement with Lanstead, the Company would be able to secure much of the potential upside from any share price appreciation over the next 18 months expected upon delivery of key milestones at the Montepuez Ruby Project and its near term bulk sampling program.

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

Twitter: @Mustang_Res
mustangresources.com.au

Mustang will retain \$127,500 of the aggregate \$850,000 subscription with the balance invested in the sharing agreement. 15,937,500 of the shares to be issued to Lanstead by the Company will be subject to the Sharing Agreement with the applicable subscription funds and shares held in escrow. The Company will receive 18 monthly cash settlements (e.g. \$40,139 per month at the agreed Benchmark Price of \$0.0533) whereby the Company's economic interest would be determined by Mustang's share price performance and payable in monthly settlements as measured against the Benchmark Price of A\$0.0533 per share. If the share price were to fall below the Benchmark Price then the monthly instalments would reduce pro rata.

In no event would a decline in the Company's share price result in any increase in the number of ordinary shares received by Lanstead or any other advantage accruing to Lanstead.

For and on behalf of the Board.

Christiaan Jordaan
Managing Director

FOR FURTHER INFORMATION, PLEASE CONTACT:

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About Mustang Resources Ltd (MUS.AU)

Listed on the Australian Securities Exchange, Mustang Resources Limited (MUS:AU) is an emerging gemstone developer focused on the near-term development of the highly prospective Montepuez Ruby Project in Northern Mozambique.

The Montepuez Ruby Project consists of three licences covering 15,800 hectares directly adjacent to the world's largest ruby deposit discovered by Gemfields PLC (GEM:LN) in 2012. Since supply of rubies from sources outside Mozambique has become fractured and unreliable, Mustang stands to capitalise on the current demand (fueled by markets around the world) by becoming a reliable, consistent supplier of high-grade rubies.

The Company is currently undergoing a fast tracked work program on the Montepuez Ruby Project with high priority targets identified and low-cost bulk sampling to commence in the near term. Mustang also has interests in the Save River Diamond Project, and the Balama Graphite Project in Mozambique. All three projects have significant unlocked value which Mustang intends to realise.