
MUSTANG RESOURCES LIMITED

ACN 090 074 785

NOTICE OF GENERAL MEETING

TIME: 2.30pm (AEST)

DATE: 14 June 2016

PLACE: Sir James Fairfax Room, Radisson Blu Hotel, 27 O'Connell Street, Sydney,
New South Wales

This Notice of Meeting should be read in its entirety. If Shareholders are in doubt as to how they should vote, they should seek advice from their professional advisers prior to voting.

Should you wish to discuss the matters in this Notice of Meeting please do not hesitate to contact the Company Secretary on +61 8 9217 2400.

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IMPORTANT INFORMATION

Time and place of Meeting

Notice is given that the Meeting will be held at 2.30pm (AEST) on 14 June 2016 at:

Sir James Fairfax Room, Radisson Blu Hotel, 27 O'Connell Street, Sydney, New South Wales

Your vote is important

The business of the Meeting affects your shareholding and your vote is important.

Voting eligibility

The Directors have determined pursuant to Regulation 7.11.37 of the Corporations Regulations 2001 (Cth) that the persons eligible to vote at the Meeting are those who are registered Shareholders at 2:30pm (AEST) on 12 June 2016.

Voting in person

To vote in person, attend the Meeting at the time, date and place set out above.

Voting by proxy

To vote by proxy, please complete and sign the enclosed Proxy Form and return by the time and in accordance with the instructions set out on the Proxy Form.

In accordance with section 249L of the Corporations Act, Shareholders are advised that:

- each Shareholder has a right to appoint a proxy;
- the proxy need not be a Shareholder of the Company; and
- a Shareholder who is entitled to cast 2 or more votes may appoint 2 proxies and may specify the proportion or number of votes each proxy is appointed to exercise. If the member appoints 2 proxies and the appointment does not specify the proportion or number of the member's votes, then in accordance with section 249X(3) of the Corporations Act, each proxy may exercise one-half of the votes.

Shareholders and their proxies should be aware that changes to the Corporations Act made in 2011 mean that:

- if proxy holders vote, they must cast all directed proxies as directed; and
- any directed proxies which are not voted will automatically default to the Chair, who must vote the proxies as directed.

Further details on these changes are set out below.

Proxy vote if appointment specifies way to vote

Section 250BB(1) of the Corporations Act provides that an appointment of a proxy may specify the way the proxy is to vote on a particular resolution and, **if it does:**

- the proxy need not vote on a show of hands, but if the proxy does so, the proxy must vote that way (ie as directed); and
- if the proxy has 2 or more appointments that specify different ways to vote on the resolution, the proxy must not vote on a show of hands; and
- if the proxy is the chair of the meeting at which the resolution is voted on, the proxy must vote on a poll, and must vote that way (ie as directed); and
- if the proxy is not the chair, the proxy need not vote on the poll, but if the proxy does so, the proxy must vote that way (ie as directed).

Transfer of non-chair proxy to chair in certain circumstances

Section 250BC of the Corporations Act provides that, if:

- an appointment of a proxy specifies the way the proxy is to vote on a particular resolution at a meeting of the Company's members; and
- the appointed proxy is not the chair of the meeting; and
- at the meeting, a poll is duly demanded on the resolution; and
- either of the following applies:
 - the proxy is not recorded as attending the meeting; or
 - the proxy does not vote on the resolution,

the chair of the meeting is taken, before voting on the resolution closes, to have been appointed as the proxy for the purposes of voting on the resolution at the meeting.

BUSINESS OF THE MEETING

AGENDA

1. RESOLUTION 1 – RATIFICATION OF PRIOR ISSUE – TRANCHE 1 PLACEMENT SHARES

To consider and, if thought fit, to pass, with or without amendment, the following resolution as an **ordinary resolution**:

"That, for the purposes of ASX Listing Rule 7.4 and for all other purposes, Shareholders ratify the issue of 38,370,000 Placement Shares on the terms and conditions set out in the Explanatory Statement."

Voting Exclusion: The Company will disregard any votes cast on this Resolution by a person who participated in the issue and any associates of those persons. However, the Company need not disregard a vote if it is cast by a person as a proxy for a person who is entitled to vote, in accordance with the directions on the Proxy Form, or, it is cast by the person chairing the meeting as proxy for a person who is entitled to vote, in accordance with a direction on the Proxy Form to vote as the proxy decides.

2. RESOLUTION 2 – APPROVAL TO ISSUE TRANCHE 2 PLACEMENT SHARES

To consider and, if thought fit, to pass, with or without amendment, the following resolution as an **ordinary resolution**:

"That, for the purposes of ASX Listing Rule 7.1 and for all other purposes, approval is given for the Company to issue up to 61,630,000 Placement Shares on the terms and conditions set out in the Explanatory Statement."

Voting Exclusion: The Company will disregard any votes cast on this Resolution by any person who may participate in the proposed issue and a person who might obtain a benefit, except a benefit solely in the capacity of a holder of ordinary securities, if the Resolution is passed and any associates of those persons. However, the Company need not disregard a vote if it is cast by a person as a proxy for a person who is entitled to vote, in accordance with the directions on the Proxy Form, or, it is cast by the person chairing the meeting as proxy for a person who is entitled to vote, in accordance with a direction on the Proxy Form to vote as the proxy decides.

3. RESOLUTION 3 – ISSUE OF ADVISOR OPTIONS

To consider and, if thought fit, to pass, with or without amendment, the following resolution as an **ordinary resolution**:

"That, for the purposes of ASX Listing Rule 7.1 and for all other purposes, approval is given for the Company to issue up to 20,000,000 Advisor Options on the terms and conditions set out in the Explanatory Statement."

Voting Exclusion: The Company will disregard any votes cast on this Resolution by any person who may participate in the proposed issue and a person who might obtain a benefit, except a benefit solely in the capacity of a holder of ordinary securities, if the Resolution is passed and any associates of those persons. However, the Company need not disregard a vote if it is cast by a person as a proxy for a person who is entitled to vote, in accordance with the directions on the Proxy Form, or, it is cast by the person chairing the meeting as proxy for a person who is entitled to vote, in accordance with a direction on the Proxy Form to vote as the proxy decides.

4. **RESOLUTION 4 – ISSUE OF SECURITIES TO RELATED PARTY – REGIUS RESOURCES GROUP LIMITED**

To consider and, if thought fit, to pass the following resolution as an **ordinary resolution**:

“That, for the purposes of section 195(4) and section 208 of the Corporations Act, ASX Listing Rule 10.11 and for all other purposes, approval is given for the Company to issue 6,051,280 Shares to Regius Resources Group Limited (or its nominee) on the terms and conditions set out in the Explanatory Statement.”

ASX Voting Exclusion: The Company will disregard any votes cast on this Resolution by Regius Resources Group Limited (or its nominee) and any of their associates. However, the Company need not disregard a vote if it is cast by a person as a proxy for a person who is entitled to vote, in accordance with the directions on the Proxy Form, or, it is cast by the person chairing the meeting as proxy for a person who is entitled to vote, in accordance with a direction on the Proxy Form to vote as the proxy decides.

Voting Prohibition Statement:

A person appointed as a proxy must not vote, on the basis of that appointment, on this Resolution if:

- (a) the proxy is either:
 - (i) a member of the Key Management Personnel; or
 - (ii) a Closely Related Party of such a member; and
- (b) the appointment does not specify the way the proxy is to vote on this Resolution.

However, the above prohibition does not apply if:

- (a) the proxy is the Chair; and
- (b) the appointment expressly authorises the Chair to exercise the proxy even though this Resolution is connected directly or indirectly with remuneration of a member of the Key Management Personnel.

5. **RESOLUTION 5 – ISSUE OF SECURITIES TO RELATED PARTY – JACOBUS VAN WYK**

To consider and, if thought fit, to pass the following resolution as an **ordinary resolution**:

“That, for the purposes of section 195(4) and section 208 of the Corporations Act, ASX Listing Rule 10.11 and for all other purposes, approval is given for the Company to issue 300,000 Shares to Jacobus van Wyk (or his nominee) in lieu of fees on the terms and conditions set out in the Explanatory Statement.”

ASX Voting Exclusion: The Company will disregard any votes cast on this Resolution by Jacobus van Wyk (or his nominee) and any of their associates. However, the Company need not disregard a vote if it is cast by a person as a proxy for a person who is entitled to vote, in accordance with the directions on the Proxy Form, or, it is cast by the person chairing the meeting as proxy for a person who is entitled to vote, in accordance with a direction on the Proxy Form to vote as the proxy decides.

Voting Prohibition Statement:

A person appointed as a proxy must not vote, on the basis of that appointment, on this Resolution if:

- (a) the proxy is either:
 - (i) a member of the Key Management Personnel; or
 - (ii) a Closely Related Party of such a member; and
- (b) the appointment does not specify the way the proxy is to vote on this Resolution.

However, the above prohibition does not apply if:

- (a) the proxy is the Chair; and
- (b) the appointment expressly authorises the Chair to exercise the proxy even though this Resolution is connected directly or indirectly with remuneration of a member of the Key Management Personnel.

6. RESOLUTION 6 – ISSUE OF SECURITIES TO RELATED PARTY – IAN DAYMOND

To consider and, if thought fit, to pass the following resolution as an **ordinary resolution**:

"That, for the purposes of section 195(4) and section 208 of the Corporations Act, ASX Listing Rule 10.11 and for all other purposes, approval is given for the Company to issue 400,000 Shares to Ian Daymond (or his nominee) in lieu of fees on the terms and conditions set out in the Explanatory Statement."

ASX Voting Exclusion: The Company will disregard any votes cast on this Resolution by Ian Daymond (or his nominee) and any of their associates. However, the Company need not disregard a vote if it is cast by a person as a proxy for a person who is entitled to vote, in accordance with the directions on the Proxy Form, or, it is cast by the person chairing the meeting as proxy for a person who is entitled to vote, in accordance with a direction on the Proxy Form to vote as the proxy decides.

Voting Prohibition Statement:

A person appointed as a proxy must not vote, on the basis of that appointment, on this Resolution if:

- (a) the proxy is either:
 - (i) a member of the Key Management Personnel; or
 - (ii) a Closely Related Party of such a member; and
- (b) the appointment does not specify the way the proxy is to vote on this Resolution.

However, the above prohibition does not apply if:

- (a) the proxy is the Chair; and
- (b) the appointment expressly authorises the Chair to exercise the proxy even though this Resolution is connected directly or indirectly with remuneration of a member of the Key Management Personnel.

7. RESOLUTION 7 – ISSUE OF SECURITIES TO RELATED PARTY – FUSION WA PTY LTD

To consider and, if thought fit, to pass the following resolution as an **ordinary resolution**:

“That, for the purposes of section 195(4) and section 208 of the Corporations Act, ASX Listing Rule 10.11 and for all other purposes, approval is given for the Company to issue 900,000 Shares to Fusion WA Pty Ltd (or its nominee) in lieu of fees on the terms and conditions set out in the Explanatory Statement.”

ASX Voting Exclusion: The Company will disregard any votes cast on this Resolution by Fusion WA Pty Ltd (or its nominee) and any of their associates. However, the Company need not disregard a vote if it is cast by a person as a proxy for a person who is entitled to vote, in accordance with the directions on the Proxy Form, or, it is cast by the person chairing the meeting as proxy for a person who is entitled to vote, in accordance with a direction on the Proxy Form to vote as the proxy decides.

Voting Prohibition Statement:

A person appointed as a proxy must not vote, on the basis of that appointment, on this Resolution if:

- (a) the proxy is either:
 - (i) a member of the Key Management Personnel; or
 - (ii) a Closely Related Party of such a member; and
- (b) the appointment does not specify the way the proxy is to vote on this Resolution.

However, the above prohibition does not apply if:

- (a) the proxy is the Chair; and
- (b) the appointment expressly authorises the Chair to exercise the proxy even though this Resolution is connected directly or indirectly with remuneration of a member of the Key Management Personnel.

8. RESOLUTION 8 – ISSUE OF SECURITIES TO ENTITIES ASSOCIATED WITH FRANK PETRUZZELLI

To consider and, if thought fit, to pass the following resolution as an **ordinary resolution**:

“That, for the purposes of section 195(4) and section 208 of the Corporations Act, ASX Listing Rule 10.11 and for all other purposes, approval is given for the Company to issue 3,731,160 Shares to entities associated with Director Frank Petruzzelli (or their nominees) on the terms and conditions set out in the Explanatory Statement.”

ASX Voting Exclusion: The Company will disregard any votes cast on this Resolution by Frank Petruzzelli (or his nominee) and any of their associates. However, the Company need not disregard a vote if it is cast by a person as a proxy for a person who is entitled to vote, in accordance with the directions on the Proxy Form, or, it is cast by the person chairing the meeting as proxy for a person who is entitled to vote, in accordance with a direction on the Proxy Form to vote as the proxy decides.

Voting Prohibition Statement:

A person appointed as a proxy must not vote, on the basis of that appointment, on this Resolution if:

- (a) the proxy is either:
 - (i) a member of the Key Management Personnel; or
 - (ii) a Closely Related Party of such a member; and
- (b) the appointment does not specify the way the proxy is to vote on this Resolution.

However, the above prohibition does not apply if:

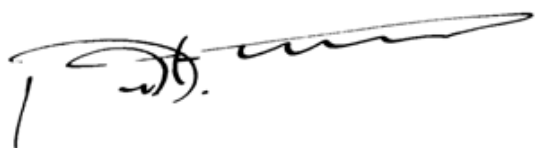
- (a) the proxy is the Chair; and
- (b) the appointment expressly authorises the Chair to exercise the proxy even though this Resolution is connected directly or indirectly with remuneration of a member of the Key Management Personnel.

9. RESOLUTION 9 – ISSUE OF SHARES – LANSTEAD

To consider and, if thought fit, to pass, with or without amendment, the following resolution as an **ordinary resolution**:

"That, for the purposes of ASX Listing Rule 7.1 and for all other purposes, approval is given for the Company to issue up to 22,312,500 Shares on the terms and conditions set out in the Explanatory Statement."

Voting Exclusion: The Company will disregard any votes cast on this Resolution by any person who may participate in the proposed issue and a person who might obtain a benefit, except a benefit solely in the capacity of a holder of ordinary securities, if the Resolution is passed and any associates of those persons. However, the Company need not disregard a vote if it is cast by a person as a proxy for a person who is entitled to vote, in accordance with the directions on the Proxy Form, or, it is cast by the person chairing the meeting as proxy for a person who is entitled to vote, in accordance with a direction on the Proxy Form to vote as the proxy decides.

Dated: 11 May 2016**By order of the Board**

Robert Marusco
Company Secretary

EXPLANATORY STATEMENT

This Explanatory Statement has been prepared to provide information which the Directors consider to be material to Shareholders in deciding whether or not to pass the Resolutions.

1. BACKGROUND TO CAPITAL RAISING

The Company is proposing to undertake a capital raising comprising:

- (a) a two tranche placement to raise up to \$4,000,000 (**Placement**); and
- (b) an offer to Eligible Shareholders via a Share Purchase Plan to raise up to \$500,000 (**SPP Offer**),

(together, the **Capital Raising**).

The Company is seeking to raise up to a total of \$4,500,000 (before transaction costs) under the Capital Raising. The funds raised will be applied towards ongoing drilling and exploration works at the Company's Montepuez Ruby Project, payment of outstanding creditors and for general working capital.

The Placement contemplates the issue of up to a total 100,000,000 Shares (**Placement Shares**) to sophisticated and professional investors. The Placement comprises two separate tranches:

- (a) an initial tranche of 38,370,000 Placement Shares is expected to be issued on or around 6 May 2016 without prior Shareholder approval under the Company's placement capacity provided by ASX Listing Rules 7.1 and 7.1A (**Tranche 1**) (refer to Resolution 1). The Placement Shares under Tranche 1 will be issued using two different prices to achieve a 'net issue price' of \$0.04 per Placement Share as follows:
 - (i) 23,022,000 Placement Shares at an issue price of \$0.034; and
 - (ii) 15,348,000 Placement Shares at an issue price of \$0.049; and
- (b) a subsequent tranche of up to 61,630,000 Shares for the balance of the Placement to be issued at an issue price of \$0.04, subject to Shareholder approval (**Tranche 2**) (refer to Resolution 2).

As at the date of this Notice of Meeting, the Company has received commitments to raise approximately \$3,000,000 under the Placement. However, the Company is seeking Shareholder approval to raise up to \$4,000,000 under the Placement to enable the Company to accept further applications above the commitments received to date.

In conjunction with the Placement, the Company is providing an opportunity for Eligible Shareholders to participate in raising up to a further \$500,000 via a Share Purchase Plan. Under the SPP Offer, Eligible Shareholders may each apply for up to \$15,000 of new Shares at an issue price of \$0.04 per Share, on a first-come first-served basis to enable participation by all Shareholders (excluding participants in the Placement). The Company reserves the right to accept oversubscriptions in the SPP subject to compliance with the ASX Listing Rules. The record date for the SPP Offer is 27 April 2016.

The Company is unable to rely on ASIC Class Order 09/425 because it has been suspended for more than five trading days in the last 12 months (when the

Company re-complied with Chapters 1 and 2 of the ASX Listing Rules in June 2015). Accordingly, the SPP Offer will need to be made via a prospectus. In addition, the Company has obtained from ASX a waiver of ASX Listing Rules 7.1 and 10.11 in respect of the issue of the SPP Shares.

The SPP Shares will be offered under a prospectus which will be sent to each Eligible Shareholder with the SPP Offer on 9 May 2016. As the SPP Offer is open to all Eligible Shareholders, the SPP Offer will be made to various related parties of the Company, including Directors (and their associates).

The SPP Offer will close on 30 May 2016. SPP Shares will be issued following the Meeting on the same date that Shares are issued under Tranche 2 of the Placement.

The Company has engaged the services of Hartleys Limited (ACN 104 195 057) (**Hartleys**), a licensed securities dealer (AFSL 230052) and has entered into a capital raising and corporate advisory engagement letter with Hartleys, pursuant to which Hartleys has agreed to assist the Company through the provision of corporate advice and capital raising services to meet its funding requirements and to progress towards the development of the Company's projects and achieving other goals as they arise from time to time (**Engagement Letter**).

The Company will pay Hartleys a capital raising fee of 6% (exclusive of goods and services tax) of the amount subscribed under the Capital Raising. In addition, subject to obtaining Shareholder approval, the Company has agreed to issue to Hartleys' wholly-owned subsidiary, Zenix Nominees Pty Ltd:

- (a) 6,000,000 Options exercisable at \$0.15 each; and
 - (b) 14,000,000 Options exercisable at \$0.075 each,
- (together the **Advisor Options**).

Shareholder approval for the issue of the Advisor Options is the subject of Resolution 3.

2. RESOLUTION 1 – RATIFICATION OF PRIOR ISSUE – TRANCHE 1 PLACEMENT SHARES

2.1 General

Resolution 1 seeks Shareholder ratification pursuant to ASX Listing Rule 7.4 for the issue of the Shares under Tranche 1 of the Placement.

ASX Listing Rule 7.1 provides that a company must not, subject to specified exceptions, issue or agree to issue more equity securities during any 12 month period than that amount which represents 15% of the number of fully paid ordinary securities on issue at the commencement of that 12 month period.

ASX Listing Rule 7.1A provides that in addition to issues permitted without prior shareholder approval under ASX Listing Rule 7.1, an entity that is eligible and obtains shareholder approval under ASX Listing Rule 7.1A may issue or agree to issue during the period the approval is valid a number of equity securities which represents 10% of the number of fully paid ordinary securities on issue at the commencement of that 12 month period as adjusted in accordance with the formula in ASX Listing Rule 7.1.

Where an eligible entity obtains shareholder approval to increase its placement capacity under ASX Listing Rule 7.1A then any ordinary securities issued under that additional placement capacity:

- (a) will not be counted in variable 'A' in the formula in ASX Listing Rule 7.1A; and
- (b) are counted in variable 'E',

until their issue has been ratified under ASX Listing Rule 7.4 or 12 months has passed since their issue.

ASX Listing Rule 7.4 sets out an exception to ASX Listing Rule 7.1. It provides that where a company in general meeting ratifies the previous issue of securities made pursuant to ASX Listing Rule 7.1 (and provided that the previous issue did not breach ASX Listing Rule 7.1) those securities will be deemed to have been made with shareholder approval for the purpose of ASX Listing Rule 7.1.

By ratifying the issue the subject of Resolution 1, the base figure (i.e. variable 'A') in which the Company's 15% and 10% annual placement capacities are calculated will be a higher number and the % annual placement capacities remaining available will not be reduced by the quantity of securities referred to in Resolution 1 which in turn will allow a higher number of securities to be issued without the requirement to obtain prior Shareholder approval.

2.2 Technical information required by ASX Listing Rule 7.4

Pursuant to and in accordance with ASX Listing Rule 7.5, the following information is provided in relation to Resolution 1:

- (a) 23,022,000 Placement Shares were issued under ASX Listing Rule 7.1;
- (b) 15,348,000 Placement Shares were issued under ASX Listing Rule 7.1A
- (c) the issue price of the Placement Shares issued under ASX Listing Rule 7.1 was \$0.034 per Share;
- (d) the issue price of the Placement Shares issued under ASX Listing Rule 7.1A was \$0.049 per Share;
- (e) all of the Placement Shares issued were all fully paid ordinary shares in the capital of the Company issued on the same terms and conditions as the Company's existing Shares;
- (f) all of the Placement Shares were issued to sophisticated and professional investors. None of these subscribers were related parties of the Company; and
- (g) the funds raised from this issue are being used for the ongoing drilling, bulk sampling and exploration works at the Company's existing Montepuez Ruby Project, payment of outstanding creditors and to boost working capital.

3. RESOLUTION 2 – APPROVAL TO ISSUE TRANCHE 2 PLACEMENT SHARES

As set out in Section 1, the Company now seeks approval to issue the Placement Shares the subject of Tranche 2 of the Placement, in order to complete the Placement.

A summary of ASX Listing Rule 7.1 is set out in Section 2.1 above.

The effect of Resolution 2 will be to allow the Company to issue the Placement Shares pursuant to Tranche 2 of the Placement during the period of 3 months after the Meeting (or a longer period, if allowed by ASX), without using the Company's 15% annual placement capacity.

3.1 Technical information required by ASX Listing Rule 7.1

Pursuant to and in accordance with ASX Listing Rule 7.3, the following information is provided in relation to Resolution 2:

- (a) the maximum number of Placement Shares to be issued is 61,630,000;
- (b) the Placement Shares will be issued no later than 3 months after the date of the Meeting (or such later date to the extent permitted by any ASX waiver or modification of the ASX Listing Rules) and it is intended that issue of the Shares will occur on the same date;
- (c) the issue price will be \$0.04 per Placement Share;
- (d) the Placement Shares will be issued to sophisticated and professional investors who have been identified by the Directors or introduced to the Company by Hartleys and who participated in Tranche 1 of the Placement;
- (e) the Placement Shares issued will be fully paid ordinary shares in the capital of the Company issued on the same terms and conditions as the Company's existing Shares; and
- (f) the Company intends to use the funds raised from the Placement for the ongoing drilling and exploration works at the Company's existing Montepuez Ruby Project, payment of outstanding creditors and to boost working capital.

4. RESOLUTION 3 – ISSUE OF ADVISOR OPTIONS

4.1 General

As set out in Section 1 above, the Company has entered into the Engagement Letter with Hartleys pursuant to which the Company has agreed to issue to issue to Hartleys' wholly-owned subsidiary, Zenix Nominees Pty Ltd:

- (a) 6,000,000 Options exercisable at \$0.15 each; and
- (b) 14,000,000 Options exercisable at \$0.075 each,

(together the **Advisor Options**).

A summary of ASX Listing Rule 7.1 is set out in Section 2.1 above.

The effect of Resolution 3 will be to allow the Company to issue the Adviser Options during the period of 3 months after the Meeting (or a longer period, if allowed by ASX), without using the Company's 15% annual placement capacity.

4.2 Technical information required by ASX Listing Rule 7.1

Pursuant to and in accordance with ASX Listing Rule 7.3, the following information is provided in relation to the issue of the Advisor Options:

- (a) the maximum number of Advisor Options to be issued is 20,000,000;
- (b) the Advisor Options will be issued no later than 3 months after the date of the Meeting (or such later date to the extent permitted by any ASX waiver or modification of the ASX Listing Rules) and it is intended that issue of the Advisor Options will occur on the same date;
- (c) the Advisor Options will be issued for nil cash consideration in consideration for corporate advice and capital raising services provided by Hartleys;
- (d) the Advisor Options will be issued to Zenix Nominees Pty Ltd, who is not a related party of the Company;
- (e) 6,000,000 of the Advisor Options will be issued on the terms and conditions set out in Schedule 1;
- (f) 14,000,000 of the Advisor Options will be issued on the terms and conditions set out in Schedule 2; and
- (g) no funds will be raised from the issue as the Advisor Options are being issued in consideration for corporate advice and capital raising services provided by Hartleys.

5. RESOLUTIONS 4 TO 8 – ISSUE OF SECURITIES TO RELATED PARTIES

5.1 General

Subject to obtaining Shareholder approval, the Company proposes to issue a total of 11,382,440 Shares (**Related Party Securities**) to:

- (a) Regius Resources Group Limited, an entity associated with Cobus van Wyk and Christiaan Jordaan;
- (b) Fusion WA Pty Ltd, and entity associated with Andrew Law;
- (c) entities associated with Frank Petrozzelli; and
- (d) each of Cobus van Wyk and Ian Daymond,

(or their respective nominees) (together the **Related Parties**) in lieu of outstanding amounts owing to the Related Parties as follows:

Related Party	Directors' Fees / Consulting Fees	Number of Shares ¹
Regius Resources Group Limited	Consulting Fees: US\$36,000 (A\$46,800) Outstanding purchase price consideration: \$255,764 ²	6,051,280
Jacobus van Wyk	Directors' Fees: \$15,000 ³	300,000
Ian Daymond	Directors' Fees: \$20,000 ⁴	400,000
Fusion WA Pty Ltd	Consulting Fees: \$45,000 ⁵	900,000

Frank Petruzzelli	Directors' Fees: \$15,000 ⁶	300,000
MDB Taxation and Business Advisors Pty. Ltd.	Consulting Fees: \$171,558 ⁷	3,431,160

Note:

1. The Company has determined the number of Shares to be issued to the Directors based on a deemed issue price of \$0.05 per Share.
2. As announced on 22 October 2015, the Company has entered into a binding terms sheet with Regius Resources Group Limited to acquire 80% of the issued capital of Montepuez Minerals Pty Ltd (**Montepuez**), the holder of the tenements comprising the Montepuez Ruby Project in Mozambique. The terms sheet was subsequently amended and the revised consideration terms were announced on 11 December 2015. The Company also agreed to transfer to Lanstead Capital L.P. a 5% equity interest in Montepuez. Completion of the acquisition of Montepuez has occurred and the Company has transferred a 5% equity interest in Montepuez to Lanstead. The Company's equity interest in Montepuez is therefore 75%. As part of the acquisition, the Company agreed to pay US\$150,000 to Regius Resources Group Limited for historic costs in developing the assets of Montepuez, payment of which remains outstanding.

In addition, on 8 March 2016 the Company announced that it had exercised its option to acquire the rights to a majority interest in two additional exploration licences located in Mozambique, from Regius Resources Group Limited. Completion of the acquisition is subject to the payment of US\$50,000.

In full satisfaction of the combined US\$200,000 cash owing to Regius Resources Group Limited, the parties have agreed that, subject to Shareholder approval, the Company will issue \$255,764 worth of Shares to Regius Resources Group Limited, at a deemed issue price of \$0.05 per Share.
3. The total outstanding amount to Jacobus van Wyk is \$18,750 (including GST). Of this amount he has agreed, subject to Shareholder approval, to a payment of outstanding Directors' fees of \$15,000 being settled by way of issue of Shares. The balance of \$3,750 is offered as a discount to the Company.
4. The total outstanding amount to Ian Daymond is \$37,500 (including GST), which is comprised of \$17,500 in consulting fees and \$20,000 in Directors' fees. Mr Daymond has agreed, subject to Shareholder approval, that all of the Directors' fees owing to Mr Daymond being settled by way of issue of Shares with the outstanding consulting fees to be settled by way of a cash payment.
5. The total outstanding amount to Fusion WA Pty Ltd is \$151,859 (including GST). Of this amount Fusion WA Pty Ltd has agreed, subject to Shareholder approval, to a payment of outstanding fees of \$45,000 being settled by way of issue of Shares with the balance of \$106,859 to be settled by way of a cash payment.
6. The total outstanding amount to Frank Peruzzelli is \$18,750 (including GST). Of this amount he has agreed, subject to Shareholder approval, to a payment of outstanding Directors' fees of \$15,000 being settled by way of issue of Shares. The balance of \$3,750 is offered as a discount to the Company.
7. The total outstanding amount to MDB Taxation and Business Advisors Pty Ltd is \$171,558 (including GST). Of this amount MDB Taxation and Business Advisors Pty Ltd has agreed, subject to Shareholder approval, to payment of the entire amount being settled by way of issue of Shares.

Resolutions 4 to 8 seek Shareholder approval for the issue of the Related Party Securities to the Related Parties (or their respective nominees). To the extent Shareholders do not approve the issue of the Related Party Securities, the Related Parties will be entitled to be paid their respective outstanding amounts owing in cash.

5.2 Chapter 2E of the Corporations Act and ASX Listing Rule 10.11

For a public company, or an entity that the public company controls, to give a financial benefit to a related party of the public company, the public company or entity must:

- (a) obtain the approval of the public company's members in the manner set out in sections 217 to 227 of the Corporations Act; and
- (b) give the benefit within 15 months following such approval,

unless the giving of the financial benefit falls within an exception set out in sections 210 to 216 of the Corporations Act.

The issue of the Related Party Securities constitutes giving a financial benefit and:

- (a) Regius Resources Group Limited is a related party of the Company by virtue of being controlled by Jacobus van Wyk and Christiaan Jordaan, who are Directors of the Company;
- (b) Fusion WA Pty Ltd is a related party of the Company by virtue of being controlled by Andrew Law, who is a Director of the Company;
- (c) MDB Taxation and Business Advisors Pty. Ltd. is a related party of the Company by virtue of being controlled by Frank Petruzzelli, who is a Director of the Company; and
- (d) Jacobus van Wyk, Ian Daymond and Frank Petruzzelli are related parties of the Company by virtue of being Directors.

In addition, ASX Listing Rule 10.11 also requires shareholder approval to be obtained where an entity issues, or agrees to issue, securities to a related party, or a person whose relationship with the entity or a related party is, in ASX's opinion, such that approval should be obtained unless an exception in ASX Listing Rule 10.12 applies.

As all of the Company's Directors are benefitting from Resolutions 4 to 8 on similar terms, a quorum of Directors cannot be constituted to ascertain whether any exceptions set out in sections 210 to 216 of the Corporations Act and ASX Listing Rule 10.12 apply in the current circumstances. Accordingly, Shareholder approval is sought for the issue of the Related Party Securities to the Related Parties.

5.3 Shareholder Approval (Chapter 2E of the Corporations Act and Listing Rule 10.11)

Pursuant to and in accordance with the requirements of section 219 of the Corporations Act and ASX Listing Rule 10.13, the following information is provided in relation to the proposed issue of the Related Party Securities:

- (a) the related parties are:
 - (i) Regius Resources Group Limited, who is a related party of the Company by virtue of being controlled by Jacobus van Wyk and Christiaan Jordaan, Directors of the Company;
 - (ii) Fusion WA Pty Ltd, who is a related party of the Company by virtue of being controlled by Andrew Law, a Director of the Company;

- (iii) MDB Taxation and Business Advisors Pty. Ltd., who is a related party of the Company by virtue of being controlled by Frank Petruzzelli, a Director of the Company; and
 - (iv) Jacobus van Wyk, Ian Daymond and Frank Petruzzelli, who are related parties of the Company by virtue of being Directors;
- (b) the maximum number of Related Party Securities (being the nature of the financial benefit being provided) to be granted to the Related Parties is:
- (i) 6,051,280 Shares to Regius Resources Group Limited (or its nominee) (Resolution 4);
 - (ii) 300,000 Shares to Jacobus van Wyk (or his nominee) (Resolution 5);
 - (iii) 400,000 Shares to Ian Daymond (or his nominee) (Resolution 6);
 - (iv) 900,000 Shares to Fusion WA Pty Ltd (or its nominee) (Resolution 7); and
 - (v) 3,731,160 Shares to entities associated with Frank Petruzzelli (or their nominees) (Resolution 8);
- (c) the Related Party Securities will be granted to the Related Parties no later than 1 month after the date of the Meeting (or such later date as permitted by any ASX waiver or modification of the ASX Listing Rules) and it is intended that issue of the Related Party Securities will occur on the same date;
- (d) the deemed issue price will be \$0.05 per Share;
- (e) the Shares issued will be fully paid ordinary shares in the capital of the Company issued on the same terms and conditions as the Company's existing Shares;
- (f) the Related Party Securities will be issued for nil cash consideration, rather they will be issued in extinguishment of a debt, and accordingly no funds will be raised;
- (g) the relevant interests of the Related Parties in securities of the Company are set out below:

Related Party	Shares	Options	Performance Rights
Christiaan Jordaan	23,374,028	Nil	6,860,000 ¹
Jacobus van Wyk	23,374,028	Nil	6,860,000 ¹
Ian Daymond	100,000	33,333 ²	Nil
Andrew Law	Nil	Nil	Nil
Frank Petruzzelli	23,124,802	6,609,464 ³	4,200,000 ⁴

Notes:

1. Comprising 6,860,000 Class E Performance Rights.
2. Quoted Options exercisable at \$0.25 each on or before 30 June 2017.

3. Comprising:
 - (a) 5,403,867 quoted Options exercisable at \$0.25 each on or before 30 June 2017; and
 - (b) 1,205,597 unquoted Options exercisable at \$0.21 each on or before 21 May 2017.
4. Comprising 4,200,000 Class E Performance Rights.

(h) the remuneration and emoluments from the Company to the Related Parties for the previous financial year and the proposed remuneration and emoluments for the current financial year are set out below:

Related Party	Current Financial Year	Previous Financial Year
Christiaan Jordaan	\$125,925	\$Nil
Jacobus van Wyk	\$200,000 ¹	\$164,059
Ian Daymond	\$65,700 ²	\$80,700
Andrew Law	\$192,914 ³	\$51,635
Frank Petruzzelli	\$209,466.40 ⁴	\$Nil

Notes:

1. Of this amount:
 - (a) \$46,800 will be settlement by way of issue of Shares in satisfaction of consulting fees owing to Regius Resources Group, the subject of Resolution 4; and
 - (b) \$15,000 will be settled by way of issue of Shares in satisfaction of Director's fees owing to Mr van Wyk, the subject of Resolution 5.
 2. Of this amount, \$20,000 will be settled by way of issue of Shares, the subject of Resolution 6.
 3. Of this amount, \$45,000 will be settled by way of issue of Shares, the subject of Resolution 7.
 4. Of this amount, \$186,558 will be settled by way of issue of Shares, the subject of Resolution 8.
- (i) if Resolutions 4 to 8 are passed, a total of 11,382,440 Shares would be issued. This will increase the number of Shares on issue from 155,880,598 to 167,263,038 (assuming that no Options are exercised and no other Shares are issued) with the effect that the shareholding of existing Shareholders would be diluted by an aggregate of 6.81%, comprising 3.62% by Regius Resources Group Limited, 0.18% by Jacobus van Wyk, 0.24% by Ian Daymond, 0.54% by Fusion WA Pty Ltd and 2.23% by entities associated with Frank Petruzzelli.
- (j) in mid-2015 the Company undertook a change in the nature and scale of its activities from an oil and gas exploration company to a mineral exploration company. Therefore, the Directors consider that the trading history of the Company prior to the change in nature and scale of activities is not of significant relevance to its current activities. Accordingly, the trading history of the Shares on ASX since the Company's reinstatement to the Official List on 10 June 2015 is set out below:

	Price	Date
Highest	\$0.33	15 June 2015
Lowest	\$0.038	10 April 2016
Last	\$0.038	10 April 2016

- (k) the Board acknowledges the issue of Related Party Securities to Jacobus van Wyk, Ian Daymond, Fusion WA Pty Ltd and entities associated with Frank Petruzzelli is contrary to Recommendation 8.2 of The Corporate Governance Principles and Recommendations (3rd Edition) as published by The ASX Corporate Governance Council. However, the Board considers the issue of the Related Party Securities to each of those Related Parties reasonable in the circumstances for the reason set out in paragraph (l);
- (l) Jacobus van Wyk declines to make a recommendation to Shareholders in relation to Resolutions 4 and 5 due to his material personal interest in the outcome of the Resolutions on the basis that he and an entity controlled by him (or their nominees) are to be issued Related Party Securities in the Company should Resolutions 4 and 5 be passed. However, in respect of Resolutions 6, 7 and 8, Mr van Wyk recommends that Shareholders vote in favour of those Resolutions for the following reasons:
- (i) the issue of the Related Party Securities is a reasonable and appropriate method to provide cost effective remuneration as the non-cash form of this benefit will allow the Company to spend a greater proportion of its cash reserves on its operations than it would if alternative cash forms of remuneration were given to the Related Parties; and
 - (ii) it is not considered that there are any significant opportunity costs to the Company or benefits foregone by the Company in issuing the Related Party Securities upon the terms proposed;
- (m) Christiaan Jordaan declines to make a recommendation to Shareholders in relation to Resolution 4 due to his material personal interest in the outcome of the Resolution on the basis that an entity controlled by him (or its nominee) is to be issued Related Party Securities in the Company should Resolution 4 be passed. However, in respect of Resolutions 5, 6, 7 and 8, Mr Jordaan recommends that Shareholders vote in favour of those Resolutions for the reasons set out in paragraph (l);
- (n) Ian Daymond declines to make a recommendation to Shareholders in relation to Resolution 6 due to his material personal interest in the outcome of the Resolution on the basis that he (or his nominee) is to be issued Related Party Securities in the Company should Resolution 6 be passed. However, in respect of Resolutions 4, 5, 7 and 8, Mr Daymond recommends that Shareholders vote in favour of those Resolutions for the reasons set out in paragraph (l);
- (o) Andrew Law declines to make a recommendation to Shareholders in relation to Resolution 7 due to his material personal interest in the outcome of the Resolution on the basis that an entity controlled by him (or its nominee) is to be issued Related Party Securities in the Company should Resolution 7 be passed. However, in respect of Resolutions 4, 5, 6

and 8, Mr Law recommends that Shareholders vote in favour of those Resolutions for the reasons set out in paragraph (l);

- (p) Frank Petruzzelli declines to make a recommendation to Shareholders in relation to Resolution 8 due to his material personal interest in the outcome of the Resolution on the basis that he, or an entity associated with him (or their nominees) are to be issued Related Party Securities in the Company should Resolution 8 be passed. However, in respect of Resolutions 4, 5, 6 and 7, Mr Petruzzelli recommends that Shareholders vote in favour of those Resolutions for the reasons set out in paragraph (l);
- (q) in forming their recommendations, each Director considered the experience of each other Related Party, the current market price of Shares, the current market practices when determining the number of Related Party Securities to be issued; and
- (r) the Board is not aware of any other information that would be reasonably required by Shareholders to allow them to make a decision whether it is in the best interests of the Company to pass Resolutions 4 to 8.

Approval pursuant to ASX Listing Rule 7.1 is not required in order to issue the Related Party Securities to the Related Parties as approval is being obtained under ASX Listing Rule 10.11. Accordingly, the issue of Related Party Securities to the Related Parties will not be included in the 15% calculation of the Company's annual placement capacity pursuant to ASX Listing Rule 7.1.

6. RESOLUTION 9 – ISSUE OF SHARES – LANSTEAD

6.1 Material terms of Lanstead agreements

The Company has entered into a subscription agreement with Lanstead Capital LP (**Lanstead**) pursuant to which Lanstead will subscribe for 21,250,000 Shares (**Lanstead Shares**) and the parties have also entered into a sharing agreement.

The sharing agreement will enable the Company to secure much of the upside in the event that there is an appreciation in the Share price over the 18 month period in which cash payments are made by Lanstead to the Company.

Under the terms of the subscription agreement, the Company will receive \$127,500 of the \$850,000 subscription amount paid by Lanstead upon the issue of the Lanstead Shares, with the remainder to be invested in the sharing agreement (**Credit Support**). The Company will receive monthly cash payments with the amount determined by the Company's share price performance measured against a benchmark price of \$0.0533 per Share (**Benchmark Price**) each month over 18 months from 60 days after the date of the issue of the Shares.

If the Share price exceeds the Benchmark Price for that month, the Company will receive more than 100% of the monthly settlement due on a pro rata basis. Importantly, there is no upper limit placed on the additional funds receivable by the Company as part of the monthly settlements therefore giving the Company the opportunity to reduce overall costs of capital and realising more funds as it meets key milestones on the Montepuez Ruby Project and its near term bulk sampling program over the next 18 months.

An example of the monthly amounts payable based on changes in the Share price is set out in the table below.

Date:	Price:	Monthly Release (Assuming BMP):	Percentage of Benchmark:	Additional Monthly Cash:	Monthly Total:	Total Investment:	Shares Issued:
Jan-16	\$ 0.040	\$ 40,139	75%	\$ (11,806)	\$ 28,333	\$ 637,500	21,250,000
Feb-16	\$ 0.049	\$ 40,139	92%	\$ (3,837)	\$ 36,302	\$ 780,938	21,250,000
Mar-16	\$ 0.095	\$ 40,139	178%	\$ 36,892	\$ 77,031	\$ 1,514,063	21,250,000
Apr-16	\$ 0.300	\$ 40,139	563%	\$ 218,403	\$ 258,542	\$ 4,781,250	21,250,000
May-16	\$ 0.400	\$ 40,139	750%	\$ 306,944	\$ 347,083	\$ 6,375,000	21,250,000
Jun-16	\$ 0.420	\$ 40,139	788%	\$ 324,653	\$ 364,792	\$ 6,693,750	21,250,000
Jul-16	\$ 0.420	\$ 40,139	788%	\$ 324,653	\$ 364,792	\$ 6,693,750	21,250,000
Aug-16	\$ 0.470	\$ 40,139	881%	\$ 368,924	\$ 409,063	\$ 7,490,625	21,250,000
Sep-16	\$ 0.510	\$ 40,139	956%	\$ 404,340	\$ 444,479	\$ 8,128,125	21,250,000
Oct-16	\$ 0.540	\$ 40,139	1013%	\$ 430,903	\$ 471,042	\$ 8,606,250	21,250,000
Nov-16	\$ 0.550	\$ 40,139	1031%	\$ 439,757	\$ 479,896	\$ 8,765,625	21,250,000
Dec-16	\$ 0.550	\$ 40,139	1031%	\$ 439,757	\$ 479,896	\$ 8,765,625	21,250,000
Jan-17	\$ 0.550	\$ 40,139	1031%	\$ 439,757	\$ 479,896	\$ 8,765,625	21,250,000
Dec-16	\$ 0.600	\$ 40,139	1125%	\$ 484,028	\$ 524,167	\$ 9,562,500	21,250,000
Jan-17	\$ 0.620	\$ 40,139	1163%	\$ 501,736	\$ 541,875	\$ 9,881,250	21,250,000
Feb-17	\$ 0.610	\$ 40,139	1144%	\$ 492,882	\$ 533,021	\$ 9,721,875	21,250,000
Mar-17	\$ 0.720	\$ 40,139	1350%	\$ 590,278	\$ 630,417	\$ 11,475,000	21,250,000
Apr-17	\$ 0.750	\$ 40,139	1406%	\$ 616,840	\$ 656,979	\$ 11,953,125	21,250,000

Should the Share price be below the Benchmark Price for that month the Company would receive less than 100% of the monthly settlement on a pro rata basis.

In no event would a decline in the Share price result in any increase in the number of Shares to be issued to Lanstead or any other advantage accruing to Lanstead.

The obligations of the Company under the subscription agreement remain conditional upon Lanstead delivering:

- (a) to an escrow agent, on behalf of the Company, UK Government Bonds (**Bonds**) with a market value on the date immediately preceding the date of delivery of at least \$850,000, based on the current market values at the time of delivery; and
- (b) to the Company, a schedule listing for each Bond the exact amount, maturity and ISIN number.

The obligations of Lanstead under the subscription agreement remain conditions upon:

- (a) ASX not indicating before 10.01 am (Sydney Time) on the day that the last condition set out (b) to (d) below (inclusive) is satisfied (or in the event that the Company exercises its option to extend the long stop date past 17 June 2016 (by paying \$45,000 to Lanstead) (**Long Stop Date**), no later than 10.01 am (Sydney Time) on 21 June 2016) that quotation of the Lanstead Shares will not be granted;
- (b) no event occurring or matter arising on or after the date of the subscription agreement and before quotation of the Lanstead Shares which, if the warranties given by the Company had been repeated on each day of that period with reference to the circumstances existing as at each such deemed repetition, would have rendered any of the warranties untrue or incorrect and would thereby have had a material adverse change on the financial position or prospects of the Company and its associated undertakings taken as a whole;
- (c) the Company having allotted the Lanstead Shares (conditional only upon quotation); and

- (d) the Company, not more than three business days after the date Lanstead delivers the Bonds to the escrow agent, lodging with the ASX a "cleansing notice" pursuant to sub-sections 708A(5)(e) and (6) or lodges a cleansing prospectus,

or (in the case of any time or date specified above) such later time or date (being not later than 3.00 pm (Sydney Time) on the Long Stop Date) as the Company and Lanstead may agree in writing.

If any of the above conditions are not fulfilled (nor waived) by 3.00 pm (Sydney Time) on the Long Stop Date, the subscription agreement shall automatically terminate.

Upon signing the terms sheet, the Company paid Lanstead a refundable deposit of \$50,000. The deposit will be fully refunded by Lanstead to the Company once subscription is completed at the first monthly settlement. The deposit will be deducted from the Credit Support Mustang has already posted with Lanstead under the sharing agreement which it entered into in November 2015.

Further, at the Company's option the closing date may be extended until 21 June 2016 by payment of a \$45,000 closing extension fee on or before 17 June 2016.

In connection with the entry into the sharing agreement, the Company is required to pay to Lanstead a fee of \$42,500 on or before the Long Stop Date. The fee may, at the election of the Company, be satisfied by the issue of 1,602,500 Shares.

6.2 General

Resolution 9 seeks Shareholder approval for the issue of up to 22,312,500 Shares, comprising:

- (a) 21,250,000 Shares at an issue price of \$0.04 per Share to raise up to \$850,000; and
- (b) 1,062,500 Shares at a deemed issue price of \$0.04 per Share as a value payment, in satisfaction of the \$42,500 fee payable to Lanstead.

A summary of ASX Listing Rule 7.1 is set out in Section 2.1.

The effect of Resolution 9 will be to allow the Company to issue these Shares during the period of 3 months after the Meeting (or a longer period, if allowed by ASX), without using the Company's 15% annual placement capacity.

6.3 Technical information required by ASX Listing Rule 7.1

Pursuant to and in accordance with ASX Listing Rule 7.3, the following information is provided in relation to Resolution 9:

- (a) the maximum number of Shares to be issued is 22,312,500;
- (b) the Shares will be issued no later than 3 months after the date of the Meeting (or such later date to the extent permitted by any ASX waiver or modification of the ASX Listing Rules) and it is intended that issue of the Shares will occur on the same date;
- (c) the issue price of the Shares will be \$0.04 per Share;

- (d) the Shares will be issued to Lanstead Capital LP, who is not a related party of the Company;
- (e) the Shares issued will be fully paid ordinary shares in the capital of the Company issued on the same terms and conditions as the Company's existing Shares; and
- (f) the Company intends to use the funds raised from the issue towards ongoing drilling and exploration works at the Company's existing Montepuez Ruby Project and to boost working capital.

GLOSSARY

\$ means Australian dollars.

Advisor Option means an Option granted pursuant to Resolution 3 with the terms and conditions set out in Schedule 1 and Schedule 2.

AEST means Australian Eastern Standard Time, as observed in Sydney, New South Wales.

ASIC means the Australian Securities & Investments Commission.

ASX means ASX Limited (ACN 008 624 691) or the financial market operated by ASX Limited, as the context requires.

ASX Listing Rules means the Listing Rules of ASX.

Board means the current board of directors of the Company.

Business Day means Monday to Friday inclusive, except New Year's Day, Good Friday, Easter Monday, Christmas Day, Boxing Day, and any other day that ASX declares is not a business day.

Capital Raising has the meaning given in Section 1.

Chair means the chair of the Meeting.

Closely Related Party of a member of the Key Management Personnel means:

- (a) a spouse or child of the member;
- (b) a child of the member's spouse;
- (c) a dependent of the member or the member's spouse;
- (d) anyone else who is one of the member's family and may be expected to influence the member, or be influenced by the member, in the member's dealing with the entity;
- (e) a company the member controls; or
- (f) a person prescribed by the Corporations Regulations 2001 (Cth) for the purposes of the definition of 'closely related party' in the Corporations Act.

Company means Mustang Resources Limited (ACN 090 074 785).

Constitution means the Company's constitution.

Corporations Act means the *Corporations Act 2001* (Cth).

Directors means the current directors of the Company.

Eligible Shareholders means a Shareholder as at the record date of 5:00pm (AEST) on 27 April 2016 and whose address on the register is in Australia or New Zealand.

Engagement Letter has the meaning given in Section 1.

Explanatory Statement means the explanatory statement accompanying the Notice.

General Meeting or **Meeting** means the meeting convened by the Notice.

Hartleys means Hartleys Limited (ACN 104 195 057) (AFSL 230052).

Key Management Personnel has the same meaning as in the accounting standards issued by the Australian Accounting Standards Board and means those persons having authority and responsibility for planning, directing and controlling the activities of the Company, or if the Company is part of a consolidated entity, of the consolidated entity, directly or indirectly, including any director (whether executive or otherwise) of the Company, or if the Company is part of a consolidated entity, of an entity within the consolidated group.

Notice or **Notice of Meeting** means this notice of meeting including the Explanatory Statement and the Proxy Form.

Option means an option to acquire a Share.

Optionholder means a holder of an Option.

Participating Shareholders has the meaning given in Section 1.

Placement has the meaning given in Section 1.

Placement Options has the meaning given in Section 1.

Placement Shares has the meaning given in Section 1.

Proxy Form means the proxy form accompanying the Notice.

Resolutions means the resolutions set out in the Notice, or any one of them, as the context requires.

Section means a section of the Explanatory Statement.

Share means a fully paid ordinary share in the capital of the Company.

Shareholder means a registered holder of a Share.

Share Purchase Plan means the Company's share purchase plan which contains the SPP Offer.

SPP Offer has the meaning given in Section 1.

SPP Shares means the offer of up to 12,500,000 Shares to be offered under the SPP Offer.

SCHEDULE 1 – TERMS AND CONDITIONS OF ADVISOR OPTIONS

(a) **Entitlement**

Each Option entitles the holder to subscribe for one Share upon exercise of the Option.

(b) **Exercise Price**

Subject to paragraph (j), the amount payable upon exercise of each Option will be \$0.15 (**Exercise Price**).

(c) **Expiry Date**

Each Option will expire at 5:00 pm (AEST) on 14 June 2019 (**Expiry Date**). An Option not exercised before the Expiry Date will automatically lapse on the Expiry Date.

(d) **Exercise Period**

The Options are exercisable at any time on or prior to the Expiry Date (**Exercise Period**).

(e) **Notice of Exercise**

The Options may be exercised during the Exercise Period by notice in writing to the Company in the manner specified on the Option certificate (**Notice of Exercise**) and payment of the Exercise Price for each Option being exercised in Australian currency by electronic funds transfer or other means of payment acceptable to the Company.

(f) **Exercise Date**

A Notice of Exercise is only effective on and from the later of the date of receipt of the Notice of Exercise and the date of receipt of the payment of the Exercise Price for each Option being exercised in cleared funds (**Exercise Date**).

(g) **Timing of issue of Shares on exercise**

Within 15 Business Days after the Exercise Date, the Company will:

- (i) allot and issue the number of Shares required under these terms and conditions in respect of the number of Options specified in the Notice of Exercise and for which cleared funds have been received by the Company;
- (ii) if required, give ASX a notice that complies with section 708A(5)(e) of the Corporations Act, or, if the Company is unable to issue such a notice, lodge with ASIC a prospectus prepared in accordance with the Corporations Act and do all such things necessary to satisfy section 708A(11) of the Corporations Act to ensure that an offer for sale of the Shares does not require disclosure to investors; and
- (iii) if admitted to the official list of ASX at the time, apply for official quotation on ASX of Shares issued pursuant to the exercise of the Options.

If a notice delivered under (g)(ii) for any reason is not effective to ensure that an offer for sale of the Shares does not require disclosure to investors, the Company must, no later than 20 Business Days after becoming aware of such notice being

ineffective, lodge with ASIC a prospectus prepared in accordance with the Corporations Act and do all such things necessary to satisfy section 708A(11) of the Corporations Act to ensure that an offer for sale of the Shares does not require disclosure to investors.

(h) **Shares issued on exercise**

Shares issued on exercise of the Options rank equally with the then issued shares of the Company.

(i) **Quotation of Shares issued on exercise**

If admitted to the official list of ASX at the time, application will be made by the Company to ASX for quotation of the Shares issued upon the exercise of the Options.

(j) **Reconstruction of capital**

If at any time the issued capital of the Company is reconstructed, all rights of an Optionholder are to be changed in a manner consistent with the Corporations Act and the ASX Listing Rules at the time of the reconstruction.

(k) **Participation in new issues**

There are no participation rights or entitlements inherent in the Options and holders will not be entitled to participate in new issues of capital offered to Shareholders during the currency of the Options without exercising the Options.

(l) **Change in exercise price**

An Option does not confer the right to a change in Exercise Price or a change in the number of underlying securities over which the Option can be exercised.

(m) **Unquoted**

The Company will not apply for quotation of the Options on ASX.

(n) **Transferability**

The Options are transferable subject to any restriction or escrow arrangements imposed by ASX or under applicable Australian securities laws.

SCHEDULE 2 – TERMS AND CONDITIONS OF ADVISOR OPTIONS

(a) **Entitlement**

Each Option entitles the holder to subscribe for one Share upon exercise of the Option.

(b) **Exercise Price**

Subject to paragraph (j), the amount payable upon exercise of each Option will be \$0.075 (**Exercise Price**).

(c) **Expiry Date**

Each Option will expire at 5:00 pm (AEST) on the date that is three (3) years after the date of issue of the Options (**Expiry Date**). An Option not exercised before the Expiry Date will automatically lapse on the Expiry Date.

(d) **Exercise Period**

The Options are exercisable at any time on and prior to the Expiry Date (**Exercise Period**).

(e) **Notice of Exercise**

The Options may be exercised during the Exercise Period by notice in writing to the Company in the manner specified on the Option certificate (**Notice of Exercise**) and payment of the Exercise Price for each Option being exercised in Australian currency by electronic funds transfer or other means of payment acceptable to the Company.

(f) **Exercise Date**

A Notice of Exercise is only effective on and from the later of the date of receipt of the Notice of Exercise and the date of receipt of the payment of the Exercise Price for each Option being exercised in cleared funds (**Exercise Date**).

(g) **Timing of issue of Shares on exercise**

Within 15 Business Days after the Exercise Date, the Company will:

- (i) allot and issue the number of Shares required under these terms and conditions in respect of the number of Options specified in the Notice of Exercise and for which cleared funds have been received by the Company;
- (ii) if required, give ASX a notice that complies with section 708A(5)(e) of the Corporations Act, or, if the Company is unable to issue such a notice, lodge with ASIC a prospectus prepared in accordance with the Corporations Act and do all such things necessary to satisfy section 708A(11) of the Corporations Act to ensure that an offer for sale of the Shares does not require disclosure to investors; and
- (iii) if admitted to the official list of ASX at the time, apply for official quotation on ASX of Shares issued pursuant to the exercise of the Options.

If a notice delivered under (g)(ii) for any reason is not effective to ensure that an offer for sale of the Shares does not require disclosure to investors, the Company

must, no later than 20 Business Days after becoming aware of such notice being ineffective, lodge with ASIC a prospectus prepared in accordance with the Corporations Act and do all such things necessary to satisfy section 708A(11) of the Corporations Act to ensure that an offer for sale of the Shares does not require disclosure to investors.

(h) **Shares issued on exercise**

Shares issued on exercise of the Options rank equally with the then issued shares of the Company.

(i) **Quotation of Shares issued on exercise**

If admitted to the official list of ASX at the time, application will be made by the Company to ASX for quotation of the Shares issued upon the exercise of the Options.

(j) **Reconstruction of capital**

If at any time the issued capital of the Company is reconstructed, all rights of an Optionholder are to be changed in a manner consistent with the Corporations Act and the ASX Listing Rules at the time of the reconstruction.

(k) **Participation in new issues**

There are no participation rights or entitlements inherent in the Options and holders will not be entitled to participate in new issues of capital offered to Shareholders during the currency of the Options without exercising the Options.

(l) **Change in exercise price**

An Option does not confer the right to a change in Exercise Price or a change in the number of underlying securities over which the Option can be exercised.

(m) **Unquoted**

The Company will not apply for quotation of the Options on ASX.

(n) **Transferability**

The Options are transferable subject to any restriction or escrow arrangements imposed by ASX or under applicable Australian securities laws.

PROXY FORM

MUSTANG RESOURCES LIMITED
ACN 090 074 785

GENERAL MEETING

I/We

of:

being a Shareholder entitled to attend and vote at the Meeting, hereby appoint:

Name:

OR: ☐ the Chair of the Meeting as my/our proxy.

or failing the person so named or, if no person is named, the Chair, or the Chair's nominee, to vote in accordance with the following directions, or, if no directions have been given, and subject to the relevant laws as the proxy sees fit, at the Meeting to be held at 2:30pm (AEST), on 14 June 2016 at Sir James Fairfax Room, Radisson Blu Hotel, 27 O'Connell Street, Sydney, New South Wales, and at any adjournment thereof.

AUTHORITY FOR CHAIR TO VOTE UNDIRECTED PROXIES ON REMUNERATION RELATED RESOLUTIONS

Where I/we have appointed the Chair as my/our proxy (or where the Chair becomes my/our proxy by default), I/we expressly authorise the Chair to exercise my/our proxy on Resolutions 4, 5, 6, 7 and 8 (except where I/we have indicated a different voting intention below) even though Resolutions 4, 5, 6, 7 and 8 are connected directly or indirectly with the remuneration of a member of the Key Management Personnel, which includes the Chair.

CHAIR'S VOTING INTENTION IN RELATION TO UNDIRECTED PROXIES

The Chair intends to vote undirected proxies in favour of all Resolutions. In exceptional circumstances the Chair may change his/her voting intention on any Resolution. In the event this occurs an ASX announcement will be made immediately disclosing the reasons for the change.

Voting on business of the Meeting		FOR	AGAINST	ABSTAIN
Resolution 1	Ratification of Prior Issue – Tranche 1 Placement Shares	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 2	Approval to Issue Tranche 2 Placement Shares	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 3	Issue of Advisor Options	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 4	Issue of Securities to Related Party – Regius Resources Group Limited	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 5	Issue of Securities to Related Party – Cobus van Wyk	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 6	Issue of Securities to Related Party – Ian Daymond	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 7	Issue of Securities to Related Party – Fusion WA Pty Ltd	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 8	Issue of Securities to Entities Associated with Frank Petruzzelli	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 9	Issue of Shares – Lanstead	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

Please note: If you mark the abstain box for a particular Resolution, you are directing your proxy not to vote on that Resolution on a show of hands or on a poll and your votes will not be counted in computing the required majority on a poll.

If two proxies are being appointed, the proportion of voting rights this proxy represents is: _____ %

Signature of Shareholder(s):

Individual or Shareholder 1

Sole Director/Company Secretary

Shareholder 2

Director

Shareholder 3

Director/Company Secretary

Date: _____

Contact name: _____

Contact ph (daytime): _____

E-mail address: _____

Consent for contact by e-mail in
relation to this Proxy Form:

YES ☐ NO ☐

Instructions for completing Proxy Form

1. **(Appointing a proxy):** A Shareholder entitled to attend and cast a vote at the Meeting is entitled to appoint a proxy to attend and vote on their behalf at the Meeting. If a Shareholder is entitled to cast 2 or more votes at the Meeting, the Shareholder may appoint a second proxy to attend and vote on their behalf at the Meeting. However, where both proxies attend the Meeting, voting may only be exercised on a poll. The appointment of a second proxy must be done on a separate copy of the Proxy Form. A Shareholder who appoints 2 proxies may specify the proportion or number of votes each proxy is appointed to exercise. If a Shareholder appoints 2 proxies and the appointments do not specify the proportion or number of the Shareholder's votes each proxy is appointed to exercise, each proxy may exercise one-half of the votes. Any fractions of votes resulting from the application of these principles will be disregarded. A duly appointed proxy need not be a Shareholder.
2. **(Direction to vote):** A Shareholder may direct a proxy how to vote by marking one of the boxes opposite each item of business. The direction may specify the proportion or number of votes that the proxy may exercise by writing the percentage or number of Shares next to the box marked for the relevant item of business. Where a box is not marked the proxy may vote as they choose subject to the relevant laws. Where more than one box is marked on an item the vote will be invalid on that item.
3. **(Signing instructions):**
 - **(Individual):** Where the holding is in one name, the Shareholder must sign.
 - **(Joint holding):** Where the holding is in more than one name, all of the Shareholders should sign.
 - **(Power of attorney):** If you have not already provided the power of attorney with the registry, please attach a certified photocopy of the power of attorney to this Proxy Form when you return it.
 - **(Companies):** Where the company has a sole director who is also the sole company secretary, that person must sign. Where the company (pursuant to Section 204A of the Corporations Act) does not have a company secretary, a sole director can also sign alone. Otherwise, a director jointly with either another director or a company secretary must sign. Please sign in the appropriate place to indicate the office held. In addition, if a representative of a company is appointed pursuant to Section 250D of the Corporations Act to attend the Meeting, the documentation evidencing such appointment should be produced prior to admission to the Meeting. A form of a certificate evidencing the appointment may be obtained from the Company.
4. **(Attending the Meeting):** Completion of a Proxy Form will not prevent individual Shareholders from attending the Meeting in person if they wish. Where a Shareholder completes and lodges a valid Proxy Form and attends the Meeting in person, then the proxy's authority to speak and vote for that Shareholder is suspended while the Shareholder is present at the Meeting.
5. **(Return of Proxy Form):** To vote by proxy, please complete and sign the enclosed Proxy Form and return by:
 - (a) post to Mustang Resources Limited, C/ MVP Financial Level 3, 9 Bowman Street, South Perth, Western Australia, 6151; or
 - (b) facsimile to the Company on facsimile number +61 8 9217 2401; or
 - (c) email to the Company at robert.marusco@mvpfinancial.com.au,,

so that it is received not less than 48 hours prior to commencement of the Meeting.

Proxy Forms received later than this time will be invalid.