

18 July 2016

SUPPLEMENTARY ANNOUNCEMENT TO PRESENTATION & ANNOUNCEMENT DATED 27 JUNE 2016 & PRESENTATION DATED 4 JULY 2016

The Company has been requested by the ASX to provide supplementary information to the market in relation to the Exploration Targets specified in its announcement dated 27 June 2016 and its latest corporate investor presentation dated July 2016 and released on 4 July 2016.

It should be emphasised at the outset that the potential quantity and grade of the Exploration Targets are conceptual in nature, in that there has been insufficient exploration to date to estimate a Mineral Resource. It is uncertain if further exploration will result in the estimation of a Mineral Resource.

Specific additional information in relation to paragraph 26 of the JORC Code:

- **Public Reports of Mineral Resources must specify one or more of the categories of 'Inferred', 'Indicated' and 'Measured'. Categories must not be reported in a combined form unless details for the individual categories are also provided.**

Please note the potential quantity and grade of the Exploration Targets are conceptual in nature, in that there has been insufficient exploration to estimate a Mineral Resource. It is uncertain if further exploration will result in the estimation of a Mineral Resource. At this stage of the Company's exploration activities graphite mineralisation has been confirmed. Exploration Targets have been identified in the areas covered by Licenses 6678L and 5873L, based on the intersections of boreholes MORC 004 and MORC 006 respectively, as well as the co-incident geophysical signature from the SkyTEM airborne electromagnetic survey. At this stage there are no individual resource categories which can be provided. Once the next phase of exploration drilling is completed, the Exploration Targets may be elevated to a Mineral Resource, should the drilling and laboratory results support it.

- **a detailed explanation of the basis for the statement, including specific description of the level of exploration activity already completed,**

Fieldwork was initiated with the drilling of two RC boreholes during October 2014. These two test RC holes were drilled within prospecting & exploration licenses 6527L and 5873L to test prospective stratigraphy for the presence of graphite mineralisation. The drillhole locations were generated based on results from the initial ground EM survey and airborne magnetic data. A total of 13 drillhole intervals were selected for sampling based on geological logging and only zones logged as graphitic-rich were submitted to the laboratory for analysis.

Reverse circulation drilling was used to collect 1m samples (roughly 35kg) by an air cyclone which was reduced to a 3kg sample by riffing. The bagged 3kg samples were submitted to SGS Laboratories and Set Point Laboratories in Johannesburg for Cg % analysis (LECO), as well as XRF (major elements) and petrographic description by optical microscopy.

A SkyTEM airborne electromagnetic survey was completed during August 2015. The geophysics dataset was used to aid in interpretations and plan the 2015 drillhole program collar locations. The survey was successful in that it confirmed a significant geophysical signature across both license areas 5873L and 6678L.

In license 6678L, borehole MORC 004 was completed during November 2015. This RC borehole was drilled for a distance of 99 m, as indicated in Figure 3 below. Sampling of the drilling chips confirmed graphite mineralisation, as annotated in Figure 3 below.

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In license 5873L, borehole MORC 006 was completed during November 2015. This RC borehole was drilled for a distance of 105 m, as indicated in Figure 5 below. Sampling of the drilling chips confirmed graphite mineralisation, as annotated in Figure 5 below.

This initial exploration activity was undertaken in order to confirm the presence of graphite mineralisation and results are not intended to be used for resource determination, but are deemed sufficient for the calculation of a Exploration Targets as defined and determined in the JORC Code.

- **a clarification statement within the same paragraph as the first reference of the Exploration Target in the Public Report, stating that the potential quantity and grade is conceptual in nature, that there has been insufficient exploration to estimate a Mineral Resource and that it is uncertain if further exploration will result in the estimation of a Mineral Resource.**

See above and footnotes to the original announcement dated 27 June 2016 as well as the presentation dated 4 July 2016.

- **If a Public Report includes an Exploration Target the proposed exploration activities designed to test the validity of the exploration target must be detailed and the timeframe within which those activities are expected to be completed must be specified.**

Further drilling & analysis to be undertaken in the 3rd and 4th quarter of 2016 (details of planned drill holes are set out in Tables 1 & 2 below). More specifically, drilling is expected to commence during September 2016, with laboratory work to follow on subsequently. Once favourable laboratory results have been received, work on a maiden JORC Resource Statement will commence.

Listing rule 5.23:

5.23.1 Any subsequent public report that refers to those *exploration results or estimates of *mineral resources or *ore reserves cross-references the relevant market announcement containing the statements and consent referred to in rule 5.22.

Noted. The Presentation date 4 July 2016 should have included a cross-reference to the announcement dated 27 June 2016 which contained the statements relating to the Exploration Targets.

5.23.2 The *entity confirms in the subsequent public report that it is not aware of any new information or data that materially affects the information included in the relevant market announcement and, in the case of estimates of *mineral resources or *ore reserves, that all material assumptions and technical parameters underpinning the estimates in the relevant market announcement continue to apply and have not materially changed.

The Company confirms that it is not aware of any new information or data which affects the information in the market announcement dated 27 June 2016

Supplementary Information:

License 6678L

It should be emphasised at the outset that the potential quantity and grade of the Exploration Targets are conceptual in nature, in that there has been insufficient exploration to estimate a Mineral Resource. It is uncertain if further exploration will result in the estimation of a Mineral Resource. At this stage of the exploration activity graphite mineralisation has been confirmed. An Exploration Target has been identified in areas covered by Licenses 6678L, based on the intersection of borehole MORC 004, as well as the co-incident geophysical signature from the SkyTEM airborne electromagnetic survey. At this stage there are no individual resource categories. Once the next phase of

exploration drilling is completed, the Exploration Target may be elevated to a Mineral Resource, should the drilling and laboratory results support it.

Table 1: Planned Drill Collars for 5873L & Targeted Resource Status

BH ID	License	x	y	Dip	TYPE	Planned length	Anticipated Status
1	6678L	485043	8563074	45	Core	80	Inferred
2	6678L	485176	8562869	45	RC	80	Inferred
3	6678L	485031	8563614	45	Core	80	Inferred
4	6678L	485261	8563503	45	RC	80	Inferred
5	6678L	485475	8563295	45	RC	80	Inferred
6	6678L	485621	8563094	45	Core	80	Inferred
7	6678L	485488	8562880	45	RC	80	Inferred
8	6678L	484971	8563202	45	RC	80	Indicated
9	6678L	484951	8563493	45	RC	80	Indicated
10	6678L	485129	8562971	45	RC	80	Indicated
11	6678L	485173	8563562	45	RC	80	Indicated
12	6678L	485364	8563403	45	RC	80	Indicated
13	6678L	485580	8563194	45	RC	80	Indicated
14	6678L	485588	8563004	45	RC	80	Indicated
Total	6678L					1120	Indicated

Drilling duration: Inferred			Days
Core (m/day)	30	8	
RC (m/day)	150	2	

Drilling duration: Indicated			Days
Core (m/day)	30	0	
RC (m/day)	150	4	

License 5873L

It should be emphasised at the onset that the potential quantity and grade of the Exploration Targets are conceptual in nature, in that there has been insufficient exploration to estimate a Mineral Resource. It is uncertain if further exploration will result in the estimation of a Mineral Resource. At this stage of the exploration activity graphite mineralisation has been confirmed. An Exploration Targets has been identified in areas covered by License 5873L, based on the intersection of borehole MORC 006, as well as the co-incident geophysical signature from the SkyTEM airborne electromagnetic survey. At this stage there are no individual resource categories. Once the next phase of exploration drilling is completed, the Exploration Targets may be elevated to a Mineral Resource, should the drilling and laboratory results support it.

Table 2: Planned Drill Collars for 5873L & Targeted Resource Status

BH ID	Licence	x	y	Dip	TYPE	Planned length	Anticipated Status
1	5873L	478454	8546432	45	Core	100	Inferred
2	5873L	478848	8546872	45	RC	100	Inferred
3	5873L	479051	8547099	45	Core	100	Inferred
4	5873L	479227	8547335	45	RC	100	Inferred
5	5873L	479357	8547599	45	RC	100	Inferred
6	5873L	479613	8547752	45	Core	100	Inferred
7	5873L	478549	8546544	45	RC	100	Indicated
8	5873L	478367	8546310	45	RC	100	Indicated
9	5873L	478764	8546760	45	RC	100	Indicated
10	5873L	478942	8546994	45	RC	100	Indicated
11	5873L	479154	8547204	45	RC	100	Indicated
12	5873L	479288	8547467	45	RC	100	Indicated
13	5873L	479473	8547706	45	RC	100	Indicated
14	5873L	479758	8547808	45	RC	100	Indicated
Total	5873L					1400	Indicated

Drilling duration: Inferred		Days
Core (m/day)	30	10
RC (m/day)	150	2

Drilling duration: Indicated		Days
Core (m/day)	30	0
RC (m/day)	150	5

Excerpt from ASX Announcement dated 27 June 2016

Exploration Target: License 6678L (“Balama North Project”)

Based on the intersection of borehole MORC 004 within the mineralised zone an Exploration Target of 18.66 Mt (at an average grade of 13.6% C_g) to 29.84Mt (at an average grade of 9.7% C_g) of mineralised rock is calculated¹ for a strike length of 1 957 metres. Detail is shown in Table 1 and Figures 1 and 2 below.

¹ The potential quantity and grade is conceptual in nature, in that there has been insufficient exploration to estimate a Mineral Resource. It is uncertain if further exploration will result in the estimation of a Mineral Resource.

Tabular geometry					Wedge geometry						Total			C _g Mass (Mt)	
Depth	Width	Area	Strike length	m ³		Base	Perp height	Area	Strike length	m ³	m ³	Rock density	Tons (Mt)	Grade (%)	C _g (mass)
100	34.0	3 400	1 957	6 653 800	0.50	34.0	20.0	340	1 957	665 380	7 319 180	2.55	18.66	13.6	2.54

Tabular geometry					Wedge geometry					Total			C _g Mass (Mt)		
Depth	Width	Area	Strike length	m ³		Base	Perp height	Area	Strike length	m ³	m ³	Rock density	Tons (Mt)	Grade (%)	C _g (mass)
100	52.49	5249	1957	10 271 340	0.50	52.5	27.9	731	1957	1 431 434	11 702 774	2.55	29.84	9.7	2.89

Table 1:6678L Exploration Target Calculation

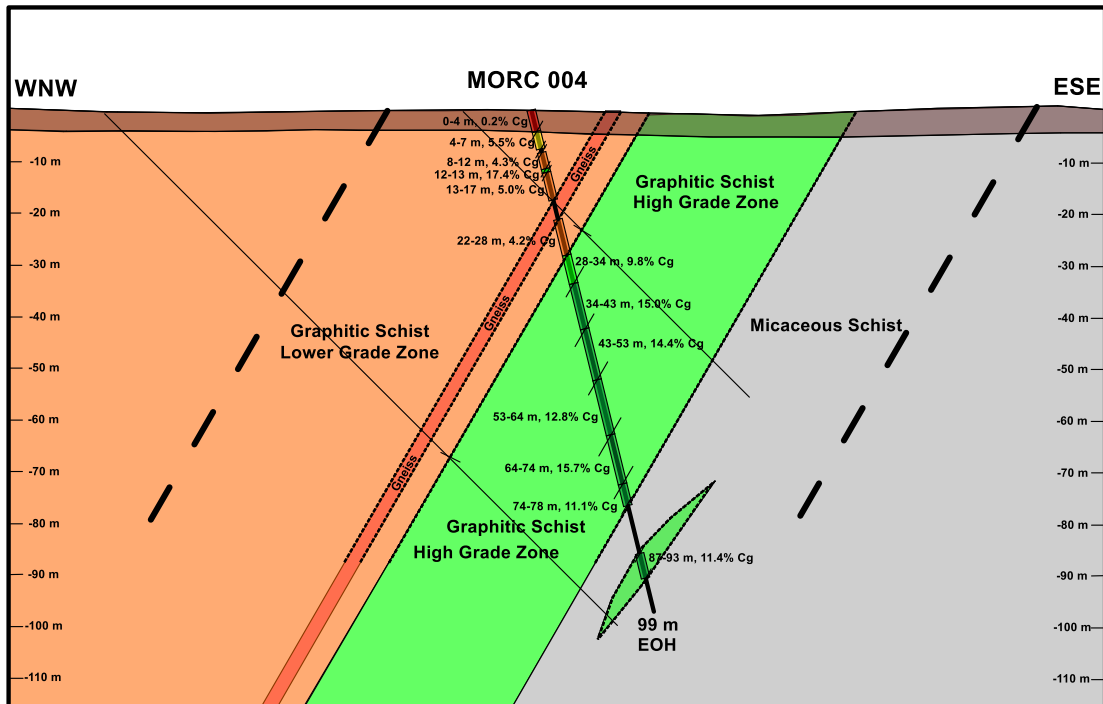


Figure 3: Cross-section along MORC 004.

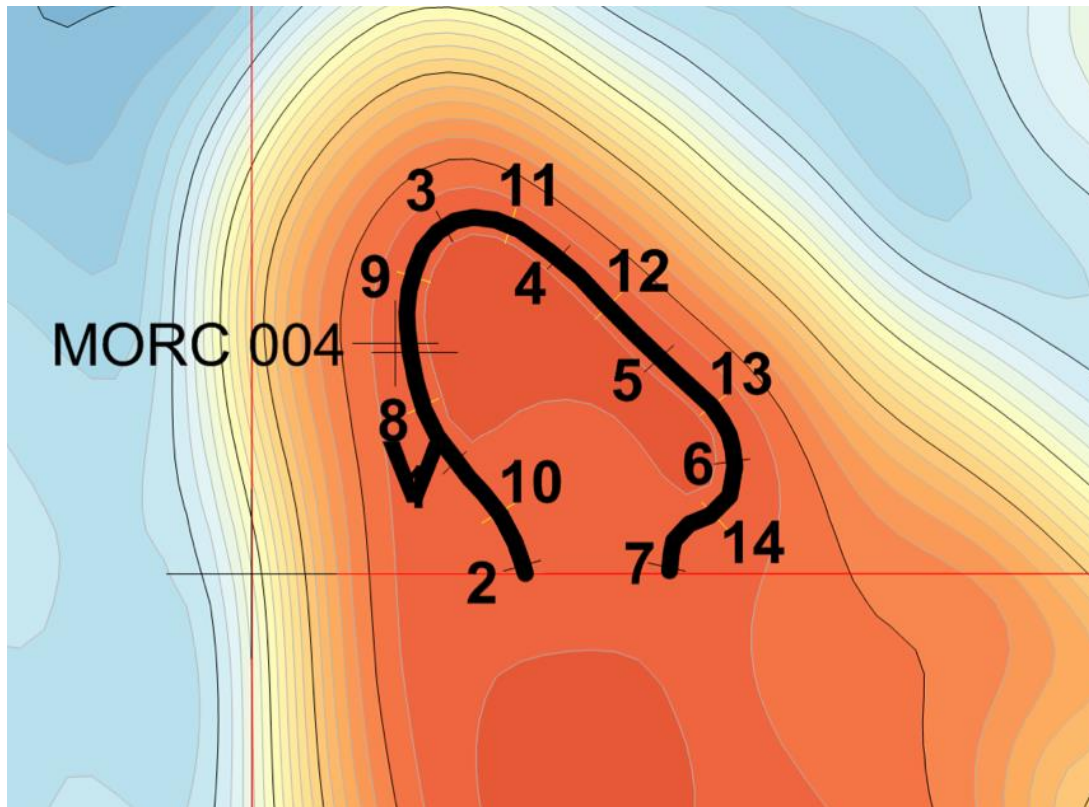


Figure 4: Plan view of interpreted strike length with planned borehole positions.

License 6678L: 2015 Sampling Results

License 6678L is located north of Syrah Resources' project. Based on a 3% TGC cut off, drillhole MORC004 on license 6678L has an average of 11.99% TGC within a 67 metre mineralised graphitic mineralisation zone (downhole width). A total of 23 samples returned results above 15% TGC. The graphite mineralisation is shallow with high grades close to the surface, including 8.16% TGC at 1 metre from surface, 17.4% TGC at 11.6 metres from surface and 18.6% TGC at 35 metres. The highest TGC value recorded for this hole is 22% TGC at 45 metres below surface.

Exploration Target: License 5873L ("Balama North Project")

Based on the intersection of borehole MORC 006 with the mineralised zone, an Exploration Target of 23.56 Mt (at an average grade of 6.7% C_g) to 50.33Mt (at an average grade of 5.1% C_g) of mineralised rock is calculated² for a strike length of 2,250 metres. Detail is shown in Table 2 and Figures 3 and 4 below.

Tabular geometry					Wedge geometry						Total			C _g Mass (Mt)	
Depth	Width	Area	Strike length	m ³		Base	Perp height	Area	Strike length	m ³	m ³	Rock density	Tons (Mt)	Grade (%)	C _{g (mass)}
100	37.0	3 700	2 250	8 325 000	0.50	37.0	22.0	407	2 250	915 750	9 240 750	2.55	23.56	6.7	1.58

Tabular geometry					Wedge geometry						Total			C _g Mass (Mt)	
Depth	Width	Area	Strike length	m ³		Base	Perp height	Area	Strike length	m ³	m ³	Rock density	Tons (Mt)	Grade (%)	C _{g (mass)}
100	72.5	7 250	2 250	16 312 500	0.50	72.5	42.0	1 523	2 250	3 425 625	19 738 125	2.55	50.33	5.1	2.57

Table 2: 5873L Exploration Target Calculation

² The potential quantity and grade is conceptual in nature, in that there has been insufficient exploration to estimate a Mineral Resource. It is uncertain if further exploration will result in the estimation of a Mineral Resource.

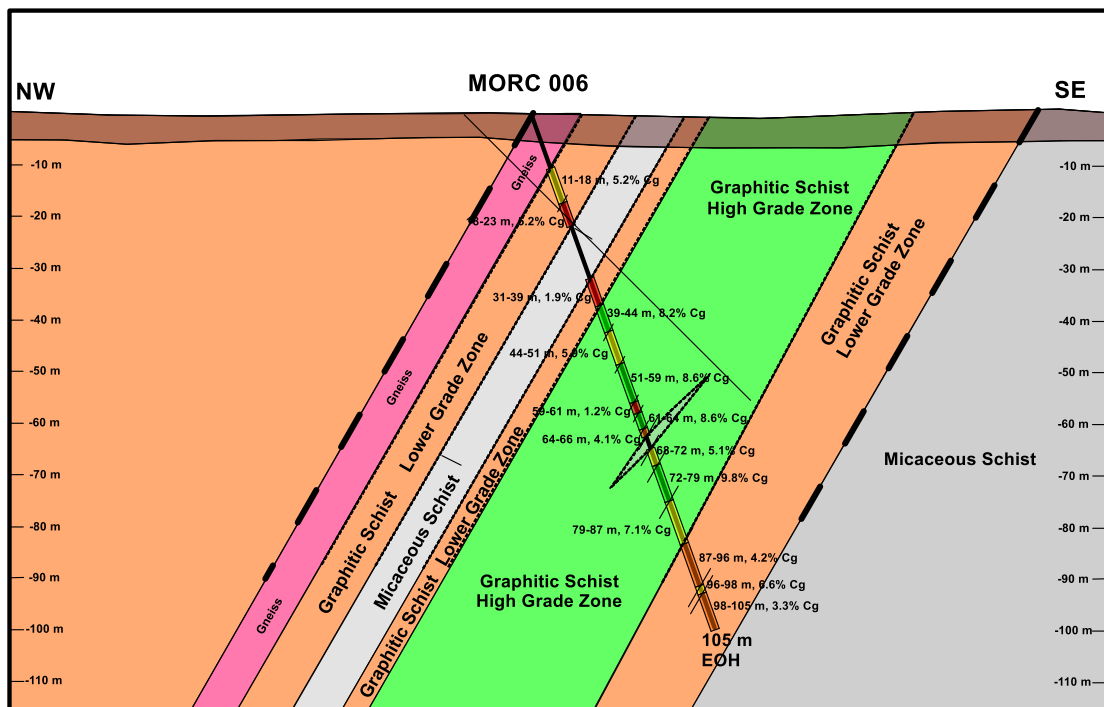


Figure 5: Cross-section along MORC 006.

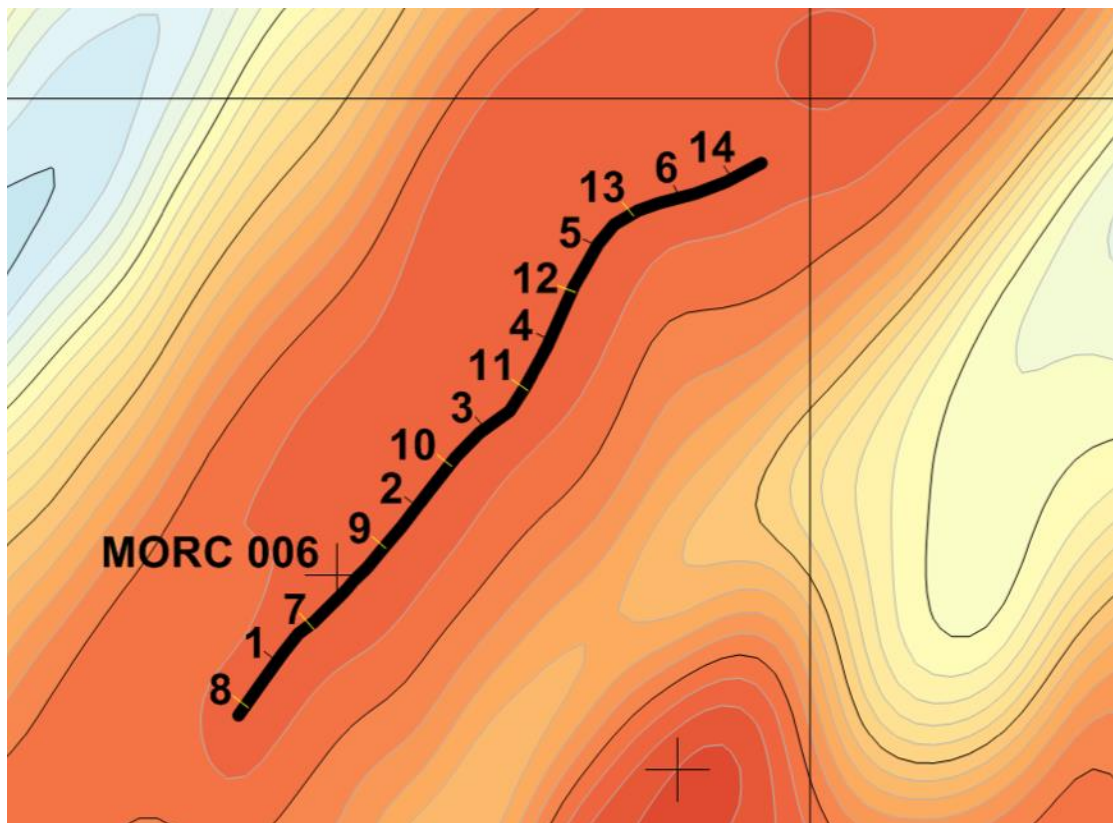


Figure 6: Plan view of interpreted strike length with planned borehole positions.

For and behalf of the Company.

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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.

Information in this report that relates to Exploration Targets, Exploration Results, Mineral Resources or Ore Reserves is based on information compiled by Mr Johan Erasmus, a Competent Person who is a registered member of the South African Council for Natural Scientific Professions (SACNASP) which is a Recognised Professional Organisation (RPO) included in a list posted on the ASX website. Mr Erasmus is a consultant of Sumsare Consulting, Witbank, South Africa who was engaged to undertake this work. Mr Erasmus has sufficient experience which is relevant to the style of mineralisation and type of deposit under consideration and to the activity which he is undertaking to qualify as a Competent Person as defined by the 2012 Edition of the Australasian Code for Reporting of Exploration Results. Mr Erasmus consents to the inclusion of the data in the form and context in which it appears.