

Rule 2.7, 3.10.3, 3.10.4, 3.10.5

# Appendix 3B

## New issue announcement, application for quotation of additional securities and agreement

*Information or documents not available now must be given to ASX as soon as available. Information and documents given to ASX become ASX's property and may be made public.*

Introduced 01/07/96 Origin: Appendix 5 Amended 01/07/98, 01/09/99, 01/07/00, 30/09/01, 11/03/02, 01/01/03, 24/10/05, 01/08/12, 04/03/13

Name of entity

**Mustang Resources Limited**

ABN

34 090 074 785

We (the entity) give ASX the following information.

### Part 1 - All issues

*You must complete the relevant sections (attach sheets if there is not enough space).*

- |   |   |  |
|---|---|--|
| 1 | +Class of +securities issued or to be issued  | (i) Quoted Ordinary Shares<br>(ii) Quoted Options<br>(iii) Unquoted Options  |
| 2 | Number of +securities issued or to be issued (if known) or maximum number which may be issued   | (i) 84,840,008 Quoted Ordinary Shares<br>(ii) 66,700,000 Quoted Options<br>(iii) 6,156,933 Unquoted Options  |
| 3 | Principal terms of the +securities (e.g. if options, exercise price and expiry date; if partly paid +securities, the amount outstanding and due dates for payment; if +convertible securities, the conversion price and dates for conversion) | (i) Fully paid ordinary Shares<br>(ii) Quoted Options exercisable at \$0.035 expiry 25 January 2020<br>(iii) Unquoted Options exercisable at \$0.0273 expiry 25 January 2020 |

+ See chapter 19 for defined terms.

**Appendix 3B**  
**New issue announcement**

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<p>4 Do the +securities rank equally in all respects from the +issue date with an existing +class of quoted +securities?</p> <p>If the additional +securities do not rank equally, please state:</p> <ul style="list-style-type: none"> <li>• the date from which they do</li> <li>• the extent to which they participate for the next dividend, (in the case of a trust, distribution) or interest payment</li> <li>• the extent to which they do not rank equally, other than in relation to the next dividend, distribution or interest payment</li> </ul>	<p>Ordinary Shares – Yes</p> <p>Each quoted and unquoted Option will entitle the holder to one Ordinary Share in the Company which will rank equally with existing Ordinary Shares on issue.</p>
<p>5 Issue price or consideration</p>	<p>(i) 84,840,008 Shares at an issue price of \$0.021</p> <p>(ii) 66,700,000 Quoted Options at an issue price of Nil</p> <p>(iii) 6,156,933 Unquoted Options at an issue price of Nil</p>
<p>6 Purpose of the issue (If issued as consideration for the acquisition of assets, clearly identify those assets)</p>	<p>To provide for further development of the Company's Montepuez Ruby Project in Mozambique, providing the Company with the ability to accelerate production volumes and ruby recoveries, achieve first ruby sales (H1-2017) and aggressively expand the deposit through an auger drilling campaign. Limited further work will also be completed on the Balama Graphite project. Costs of the raising and working capital of the Company.</p>
<p>6a Is the entity an +eligible entity that has obtained security holder approval under rule 7.1A?</p> <p>If Yes, complete sections 6b – 6h in relation to the +securities the subject of this Appendix 3B, and comply with section 6i</p>	<p>No</p>

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+ See chapter 19 for defined terms.

6b	The date the security holder resolution under rule 7.1A was passed	None
6c	Number of +securities issued without security holder approval under rule 7.1	None
6d	Number of +securities issued with security holder approval under rule 7.1A	None
6e	Number of +securities issued with security holder approval under rule 7.3, or another specific security holder approval (specify date of meeting)	<ul style="list-style-type: none"> <li>• 48,560,000 ratification of prior issue of Ordinary Shares</li> <li>• 84,840,000 Ordinary Shares</li> <li>• 66,700,000 Quoted Options</li> <li>• 6,156,933 Unquoted Options</li> </ul> <p>All at shareholder meeting held on 20 January 2017</p>
6f	Number of +securities issued under an exception in rule 7.2	None
6g	If +securities issued under rule 7.1A, was issue price at least 75% of 15 day VWAP as calculated under rule 7.1A.3? Include the +issue date and both values. Include the source of the VWAP calculation.	Not applicable
6h	If +securities were issued under rule 7.1A for non-cash consideration, state date on which valuation of consideration was released to ASX Market Announcements	Not applicable
6i	Calculate the entity's remaining issue capacity under rule 7.1 and rule 7.1A – complete Annexure 1 and release to ASX Market Announcements	<p><u>Remaining issue capacity under Listing Rule 7.1</u> 68,572,479 securities</p> <p><u>Remaining issue capacity under Listing Rule 7.1A</u> Nil securities</p>

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7 <sup>+</sup>Issue dates

Note: The issue date may be prescribed by ASX (refer to the definition of issue date in rule 19.12). For example, the issue date for a pro rata entitlement issue must comply with the applicable timetable in Appendix 7A.

Cross reference: item 33 of Appendix 3B.

24 January 2017

8 Number and <sup>+</sup>class of all <sup>+</sup>securities quoted on ASX (*including* the <sup>+</sup>securities in section 2 if applicable)

Number	<sup>+</sup> Class
392,569,443	Ordinary fully paid Shares
31,324,181	Listed Options MUSO Exercise price of \$0.25 Expiry Date: 30 June 2017
66,700,000	Quoted Options Exercise price of \$0.035 Expiry Date: 25 Jan 2020

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<sup>+</sup> See chapter 19 for defined terms.

9 Number and <sup>+</sup> class of all <sup>+</sup> securities not quoted on ASX (including the <sup>+</sup> securities in section 2 if applicable)	Number	<sup>+</sup> Class
	27,380,060	Unquoted Fully Paid Ordinary Shares
	5,650,000	Unquoted Restricted Fully Paid Ordinary Shares – Escrowed to 10 June 2017
	31,550,418	Unquoted Restricted Fully Paid Ordinary Shares – Escrowed to 2 March 2017
	149,253	Unlisted Options Exercise price of \$0.2412 Expiry Date: 10 Nov 2017
	2,238,806	Unlisted Options Exercise price of \$0.21 Expiry Date: 22 May 2017
	8,750,000	Unquoted Options Exercise price of \$0.25 Expiry Date: 30 June 2017
	8,000,000	Unquoted Options Exercise price of \$0.15 Expiry Date: 14 June 2019
	2,000,000	Unquoted Options Exercise price of \$0.09 Expiry Date: 31 Dec 2017

+ See chapter 19 for defined terms.

1,000,000	Unquoted Options Exercise price of \$0.06 Expiry Date: 31 Dec 2017
2,000,000	Unquoted Options Exercise price of \$0.15 Expiry Date: 31 Dec 2017
19,000,000	Unquoted Options Exercise price of \$0.075 Expiry Date: 21 June 2019
7,500,000	Unquoted Options Exercise price of \$0.06 Expiry Date: 4 August 2019
7,140,000	Unlisted Class E Performance Rights Escrowed to 21 May 2016
6,860,000	Unlisted Class E Performance Rights Escrowed to 10 June 2017
6,156,933	Unquoted Options Exercise price of \$0.0273 Expiry Date: 25 Jan 2020

- |    |  |                |
|----|--|----------------|
| 10 | Dividend policy (in the case of a trust, distribution policy) on the increased capital (interests) | Not Applicable |
|----|--|----------------|

## Part 2 - Pro rata issue

- |    |                                       |                |
|----|---------------------------------------|----------------|
| 11 | Is security holder approval required? | Not Applicable |
|----|---------------------------------------|----------------|

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+ See chapter 19 for defined terms.

12	Is the issue renounceable or non-renounceable?	Not Applicable
13	Ratio in which the <sup>+</sup> securities will be offered	Not Applicable
14	<sup>+</sup> Class of <sup>+</sup> securities to which the offer relates	Not Applicable
15	<sup>+</sup> Record date to determine entitlements	Not Applicable
16	Will holdings on different registers (or subregisters) be aggregated for calculating entitlements?	Not Applicable
17	Policy for deciding entitlements in relation to fractions	Not Applicable
18	Names of countries in which the entity has security holders who will not be sent new offer documents  <small>Note: Security holders must be told how their entitlements are to be dealt with. Cross reference: rule 7.7.</small>	Not Applicable
19	Closing date for receipt of acceptances or renunciations	Not Applicable
20	Names of any underwriters	Not applicable
21	Amount of any underwriting fee or commission	Not applicable
22	Names of any brokers to the issue	Not applicable
23	Fee or commission payable to the broker to the issue	Not applicable
24	Amount of any handling fee payable to brokers who lodge acceptances or renunciations on behalf of security holders	Not Applicable

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25	If the issue is contingent on security holders' approval, the date of the meeting	Not applicable
26	Date entitlement and acceptance form and offer documents will be sent to persons entitled	Not Applicable
27	If the entity has issued options, and the terms entitle option holders to participate on exercise, the date on which notices will be sent to option holders	Not Applicable
28	Date rights trading will begin (if applicable)	Not applicable
29	Date rights trading will end (if applicable)	Not applicable
30	How do security holders sell their entitlements <i>in full</i> through a broker?	Not applicable
31	How do security holders sell <i>part</i> of their entitlements through a broker and accept for the balance?	Not applicable
32	How do security holders dispose of their entitlements (except by sale through a broker)?	Not applicable
33	<sup>+</sup> Issue date	Not Applicable

## Part 3 - Quotation of securities

*You need only complete this section if you are applying for quotation of securities*

34 Type of <sup>+</sup>securities  
(tick one)

(a) ☒ <sup>+</sup>Securities described in Part 1

(b) ☐ All other <sup>+</sup>securities

Example: restricted securities at the end of the escrowed period, partly paid securities that become fully paid, employee incentive share securities when restriction ends, securities issued on expiry or conversion of convertible securities

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<sup>+</sup> See chapter 19 for defined terms.



### Entities that have ticked box 34(a)

#### Additional securities forming a new class of securities

Questions 35 to 42 are Not Applicable

*Tick to indicate you are providing the information or documents*

- 35 ☒ If the +securities are +equity securities, the names of the 20 largest holders of the additional +securities, and the number and percentage of additional +securities held by those holders
- 36 ☒ If the +securities are +equity securities, a distribution schedule of the additional +securities setting out the number of holders in the categories
- 1 - 1,000  
1,001 - 5,000  
5,001 - 10,000  
10,001 - 100,000  
100,001 and over
- 37 ☐ A copy of any trust deed for the additional +securities

### Entities that have ticked box 34(b)

- 38 Number of +securities for which +quotation is sought
- 39 +Class of +securities for which quotation is sought
- 40 Do the +securities rank equally in all respects from the +issue date with an existing +class of quoted +securities?
- If the additional +securities do not rank equally, please state:
- the date from which they do
  - the extent to which they participate for the next dividend, (in the case of a trust, distribution) or interest payment
  - the extent to which they do not rank equally, other than in relation to the next dividend, distribution or interest payment
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41	<p>Reason for request for quotation now</p> <p>Example: In the case of restricted securities, end of restriction period</p> <p>(if issued upon conversion of another <sup>+</sup>security, clearly identify that other <sup>+</sup>security)</p>	
	Number	<sup>+</sup> Class
42	<p>Number and <sup>+</sup>class of all <sup>+</sup>securities quoted on ASX (<i>including</i> the <sup>+</sup>securities in clause 38)</p>	

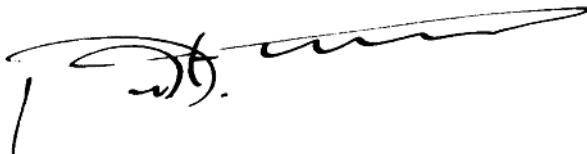
<sup>+</sup> See chapter 19 for defined terms.

### Quotation agreement

- 1 +Quotation of our additional +securities is in ASX's absolute discretion. ASX may quote the +securities on any conditions it decides.
- 2 We warrant the following to ASX.
  - The issue of the +securities to be quoted complies with the law and is not for an illegal purpose.
  - There is no reason why those +securities should not be granted +quotation.
  - An offer of the +securities for sale within 12 months after their issue will not require disclosure under section 707(3) or section 1012C(6) of the Corporations Act.  
Note: An entity may need to obtain appropriate warranties from subscribers for the securities in order to be able to give this warranty
  - Section 724 or section 1016E of the Corporations Act does not apply to any applications received by us in relation to any +securities to be quoted and that no-one has any right to return any +securities to be quoted under sections 737, 738 or 1016F of the Corporations Act at the time that we request that the +securities be quoted.
  - If we are a trust, we warrant that no person has the right to return the +securities to be quoted under section 1019B of the Corporations Act at the time that we request that the +securities be quoted.
- 3 We will indemnify ASX to the fullest extent permitted by law in respect of any claim, action or expense arising from or connected with any breach of the warranties in this agreement.
- 4 We give ASX the information and documents required by this form. If any information or document is not available now, we will give it to ASX before +quotation of the +securities begins. We acknowledge that ASX is relying on the information and documents. We warrant that they are (will be) true and complete.

Sign here:

Date: 24 January 2017



Print name: **Robert Marusco**  
**Company Secretary**

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+ See chapter 19 for defined terms.

# Appendix 3B – Annexure 1

## Calculation of placement capacity under rule 7.1 and rule 7.1A for eligible entities

Introduced 01/08/12 Amended 04/03/13

### Part 1

Rule 7.1 – Issues exceeding 15% of capital	
<b>Step 1: Calculate “A”, the base figure from which the placement capacity is calculated</b>	
<b>Insert</b> number of fully paid +ordinary securities on issue 12 months before the +issue date or date of agreement to issue	323,749,913
<b>Add</b> the following: <ul style="list-style-type: none"> <li>Number of fully paid +ordinary securities issued in that 12 month period under an exception in rule 7.2</li> <li>Number of fully paid +ordinary securities issued in that 12 month period with shareholder approval</li> <li>Number of partly paid +ordinary securities that became fully paid in that 12 month period</li> </ul> <p><i>Note:</i></p> <ul style="list-style-type: none"> <li>Include only ordinary securities here – other classes of equity securities cannot be added</li> <li>Include here (if applicable) the securities the subject of the Appendix 3B to which this form is annexed</li> <li>It may be useful to set out issues of securities on different dates as separate line items</li> </ul>	133,400,000
<b>Subtract</b> the number of fully paid +ordinary securities cancelled during that 12 month period	
<b>“A”</b>	457,149,913

+ See chapter 19 for defined terms.

<b>Step 2: Calculate 15% of “A”</b>	
<b>“B”</b>	0.15 <i>[Note: this value cannot be changed]</i>
<b>Multiply “A” by 0.15</b>	68,572,487
<b>Step 3: Calculate “C”, the amount of placement capacity under rule 7.1 that has already been used</b>	
<p><b>Insert</b> number of <sup>+</sup>equity securities issued or agreed to be issued in that 12 month period <i>not counting</i> those issued:</p> <ul style="list-style-type: none"> <li>• Under an exception in rule 7.2</li> <li>• Under rule 7.1A</li> <li>• With security holder approval under rule 7.1 or rule 7.4</li> </ul> <p><i>Note:</i></p> <ul style="list-style-type: none"> <li>• <i>This applies to equity securities, unless specifically excluded – not just ordinary securities</i></li> <li>• <i>Include here (if applicable) the securities the subject of the Appendix 3B to which this form is annexed</i></li> <li>• <i>It may be useful to set out issues of securities on different dates as separate line items</i></li> </ul>	8
<b>“C”</b>	8
<b>Step 4: Subtract “C” from [“A” x “B”] to calculate remaining placement capacity under rule 7.1</b>	
<p><b>“A” x 0.15</b></p> <p><i>Note: number must be same as shown in Step 2</i></p>	68,572,487
<p><b>Subtract “C”</b></p> <p><i>Note: number must be same as shown in Step 3</i></p>	8
<b>Total [“A” x 0.15] – “C”</b>	68,572,479  <i>[Note: this is the remaining placement capacity under rule 7.1]</i>

+ See chapter 19 for defined terms.

## Part 2

<b>Rule 7.1A – Additional placement capacity for eligible entities</b>	
<b>Step 1: Calculate “A”, the base figure from which the placement capacity is calculated</b>	
<b>“A”</b>  <i>Note: number must be same as shown in Step 1 of Part 1</i>	N/A
<b>Step 2: Calculate 10% of “A”</b>	
<b>“D”</b>	0.10  <i>Note: this value cannot be changed</i>
<b>Multiply “A” by 0.10</b>	N/A
<b>Step 3: Calculate “E”, the amount of placement capacity under rule 7.1A that has already been used</b>	
<b>Insert</b> number of +equity securities issued or agreed to be issued in that 12 month period under rule 7.1A  <b>Notes:</b> <ul style="list-style-type: none"> <li>• <i>This applies to equity securities – not just ordinary securities</i></li> <li>• <i>Include here – if applicable – the securities the subject of the Appendix 3B to which this form is annexed</i></li> <li>• <i>Do not include equity securities issued under rule 7.1 (they must be dealt with in Part 1), or for which specific security holder approval has been obtained</i></li> <li>• <i>It may be useful to set out issues of securities on different dates as separate line items</i></li> </ul>	
<b>“E”</b>	

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+ See chapter 19 for defined terms.

<b>Step 4: Subtract “E” from [“A” x “D”] to calculate remaining placement capacity under rule 7.1A</b>	
<b>“A” x 0.10</b>  <i>Note: number must be same as shown in Step 2</i>	
<b>Subtract “E”</b>  <i>Note: number must be same as shown in Step 3</i>	
<b>Total</b> [“A” x 0.10] – “E”	  <i>Note: this is the remaining placement capacity under rule 7.1A</i>

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+ See chapter 19 for defined terms.

CLASS: PLO/PLACEMENT OPTIONS  
HOLDER NO NAME AND ADDRESS

UNITS	% I/C	RANK
11,904,763	17.85	1
10,000,000	14.99	2
4,761,905	7.14	3
4,761,905	7.14	4
2,750,000	4.12	5
2,543,334	3.81	6
2,380,953	3.57	7
2,380,952	3.57	8
1,904,762	2.86	9
1,190,476	1.78	10
1,190,000	1.78	11
1,095,238	1.64	12
1,055,000	1.58	13
1,034,965	1.55	14
1,000,000	1.50	15
1,000,000	1.50	16
900,000	1.35	17
750,000	1.12	18
700,000	1.05	19
633,915	0.95	20
53,938,168	80.87	
12,761,832	19.13	
66,700,000	100.00	

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TOTAL CURRENT HOLDERS MEETING CRITERIA FOR THIS REPORT: 56  
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\*\*\*\*\* NUMBER OF PAGES WRITTEN = 3 \*\*\*\*\* END OF REPORT \*\*\*\*\* NUMBER OF LINES WRITTEN = 105 \*\*\*\*\*  
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	1	1001	5001	10001	100001		* TOTAL *
	to	to	to	to	to		
	1000	5000	10000	100000	(MAX)		

PLO /PLACEMENT OPTIONS

Holdings			
Issuer	1	3	4
Chess		52	52
Total	1	55	56
Units			
Issuer	47619	8495715	8543334
Chess		58156666	58156666
Total	47619	66652381	66700000

TOTAL HOLDERS FOR CLASSES SELECTED

56

TOTAL UNITS " " " 66700000

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\*\*\*\*\* NUMBER OF PAGES WRITTEN = 1 \*\*\*\*\* END OF REPORT \*\*\*\*\* NUMBER OF LINES WRITTEN = 16 \*\*\*\*\*  
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