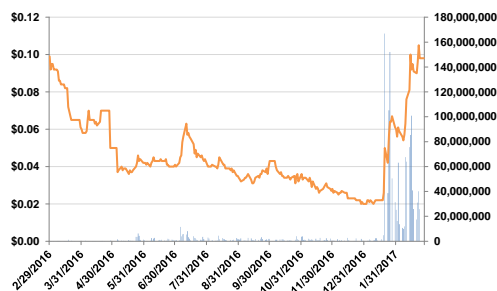




| | |
|------------------------------|------------|
| Price (as of March 2, 2017): | AUD \$0.08 |
| Beta: | N/A |
| Price/Book: | 0.97x |
| Debt/Equity Ratio: | N/A |
| Listed Exchange: | ASX |



Source: Yahoo finance

Recent News

28-Feb-17: Mustang has agreed to acquire a 65% ownership interest in a high-quality ruby license (8245L), located in between Mustang's Montepuez Ruby Project and the border of Gemfields' ruby deposits. Further, the Company is raising \$5.88 million through the issuance of 76.4 million shares at \$0.77 per share.

09-Feb-17: Mustang tripled its production rate to 525 tpd at the Montepuez Ruby Project and is now targeting 1,000 tpd.

01-Feb-17: Mustang completed diamond drilling at the Balama Graphite Project, which confirms high-grade graphite mineralization, which should help delineate its maiden JORC graphite resource in 1H 2017.

20-Jan-17: Commissioned its newly located Bulk Sampling plant at the Montepuez, and dispatched its first commercial rubies parcel to the US for expert evaluation.

15-Dec-16: Raised \$2.8 million through the issuance of 133.4 million shares at an issue price of 2.1 cents per share.

26-Oct-16: The Company successfully recovered 460.43cts rubies during the commissioning of the bulk sample mining plant at the Montepuez Ruby Project.

| | |
|-------------------------------------------------------------------------------------|-----------------|
| Shares Outstanding: | 457.15 million |
| Market Cap: | \$40.69 million |
| 52 Week High: | \$0.11 |
| 52 Week Low: | \$0.02 |
| Note: All \$ symbols represent Australian dollars (AUD) unless otherwise specified. | |

Poised to be a Major Player in the Growing Ruby Market

Mustang Resources Ltd., (ASX: MUS) ("Mustang" or "the Company") is an Australian-based gemstone explorer and developer, headquartered in Sydney, Australia. The Company is currently focused on developing its two key projects, namely the Montepuez Ruby Project and the Balama Graphite Project, both located in Mozambique, southern Africa. The Montepuez Ruby Project is located just eight kilometers northwest of Gemfields PLC's ruby site (LN: GEM), the world's largest gemstone deposit holder and producer and aside from Mustang the only other listed ruby producer. The Company had already found high quality rubies from the Montepuez Ruby Project and dispatched them for test work to assess their value and determine profitable markets for potential sales in 2Q17. In addition, on February 28, 2017, the Company has agreed to acquire a 65% ownership interest in a new high-quality ruby license (8245L), situated in between the Company's Montepuez Ruby project and Gemfields' ruby deposits. The Company's Balama Graphite Project owns graphite assets in North Mozambique close to its Montepuez Ruby project. This project has completed diamond drilling at three license areas. Pending further results from laboratory analysis and metallurgical test work, the Company intends to issue a maiden JORC resource in the near-term.

Investment Rationale

Expected first ruby sales in 2Q17 brightens Mustang's growth potential

Mustang has successfully recovered high-quality rubies from its flagship Montepuez Ruby Project. In January 2017, the Company dispatched 6,221 cts of high-quality ruby and corundum parcel to the US for expert opinion and assessment and subsequently identifying the most profitable market channel for commercialization. As a result, the Company is expected to recognize its first revenue from ruby sales in the second quarter of 2017. Today, unheated 5ct "Extra-Fine" Mozambique rubies (matching quality of Burmese "Pigeon-Blood" rubies) sell at a premium of US\$40,000 per carat. Therefore, Mustang's revenue prospects for its high-quality rubies are promising. Further, the Company tripled its production rate to 525 tpd and is planning towards 1,000 tpd to quickly achieve its bulk sampling program target of 150,000 tonnes. On the resource front, the Company recently commenced auger drilling activities at the Alpha deposit area in January 2017 and plans to extend it to all other license areas, aiming for additional ruby-bearing gravel zones. Further, the Company also remains on schedule to advance its Montepuez Ruby Project to achieve maiden JORC compliance and conduct a feasibility study in H2 2017. The Company also expects to set up a full-scale mining production plant in H1 2018. We note that neighboring gemstone developer Gemfields PLC (AIM: GEM) has sold its rubies recovered from exploration for approximately US\$225 million so far (December 2016).

Mozambique's favorable business environment supports industrial growth

Mozambique is a southeast African nation with a stable government and a multi-party democracy. Mozambique also has abundant natural resources. The transparent political environment and strong legal framework have greatly facilitated in the growth of mining companies that have invested in Mozambique. The new mining law of Mozambique, which came into force since August 2014, offers support and protection for foreign investors. The mining companies in Mozambique operate with higher operating margins and incur lower exploration costs compared to companies operating in countries like Australia and Canada. Low tax rates, low political interference, and protection offered by the Mozambican government further make Mozambique a favorable place for businesses. Montepuez region is proven to have the largest ruby deposits in the world as of date. Mustang's Montepuez Ruby Project site is located in Mozambique, near to the site of world's leading gemstone developer, Gemfields PLC. Mustang's Balama Graphite Project area in Mozambique is situated along strike from the graphite deposits of Battery Minerals (ASX: BAT) and Syrah Resources Ltd (ASX: SYR).

Growing demand in the global ruby market should benefit Mustang

The ruby market is facing supply constraints due to the fall in Myanmar's ruby production. Sourcing of high-quality rubies has become challenging as a result of fragmented supply and imitations found in synthetic rubies. Under such market conditions, the rarity of ruby has caught the eye of gemstone seekers. The value of ruby has increased over the years. For instance, the "Sunrise Ruby" was sold at a price of about US\$30 million and is recorded as the costliest ruby ever to be sold since 2015. The discovery of ruby deposits in Montepuez region of Mozambique has come as a sign of relief for the ruby market. The characteristics of Mozambican rubies are found to be on par with that of the famous "Pigeon Blood" ruby of Myanmar. The efforts taken by Gemfields have ensured that all ruby mining is done legally and exploration operations are streamlined, thereby, becoming a reliable supplier in the ruby market. Mozambican ruby producers (including Mustang) are also benefitted because of this and Mustang could develop its flagship Montepuez Ruby Project to become a reliable supplier like Gemfields. The untreated Mozambican rubies of about 4.0 to 4.99 cts are being sold at a price range of US\$18,425/ct to US\$42,000/ct. The value of untreated Mozambican rubies over 5 ct can be a significant premium to the prices mentioned for 4.00 to 4.99 cts range.

Near-term maiden JORC compliance of Balama Graphite Project should also boost shareholder value

Mustang has successfully completed Reverse Circulation (RC) drilling and field assessments of the Balama Graphite Project. The RC drilling results proved the presence of large and super jumbo sized graphite flakes with grades ranging from 6.8% to 22% Total Graphitic Carbon (TGC). Further, successive diamond drilling in its 6678L, 6636L and 4662L license areas for evaluating the size, liberation characteristics and flake qualities of graphite significantly enhances the pace and intensity of the exploration program. Mustang is particularly focused on its drilling operations at the Caula Project (6678L), as it has the potential to deliver a high quality maiden JORC resource by the second quarter of 2017. Such promising exploration programs should, in turn, lead to creating shareholder value.

Strong experienced and qualified management team

Mustang's well-experienced and qualified management team should help the Company to successfully implement its strategy. The Company's senior management and mining team have collectively more than 100 years of experience in gemstone mining. Mr. Christiaan Jordaan, the Managing Director of Mustang, has extensive experience in mining and energy projects, primarily mining projects in Mozambique. Mr. Cobus van Wyk, Operations Director of the Company, holds more than 23 years of experience in financial services, especially more than 12 years of experience in Mozambique. Mr. Paul Allan, the Company's Consulting Geologist, has more than 25 years of experience in gemstone mining and exploration, primarily in gemstones evaluation, and directs Mustang's geological field team. In addition, the mining team, led by Mr. Gerhard Burger, and the logistics and operational team, have collectively more than 100 years and 70 years of experience, respectively.

Company Overview

Business & Key Projects

Mustang Resource Limited is presently focused on developing its gemstone project, namely the Montepuez Ruby Project whilst also looking to define a maiden JORC Resource at its Balama Graphite Project. The Company successfully commissioned its bulk sampling process for the Montepuez Ruby Project in January 2017 and continued to explore for rubies.

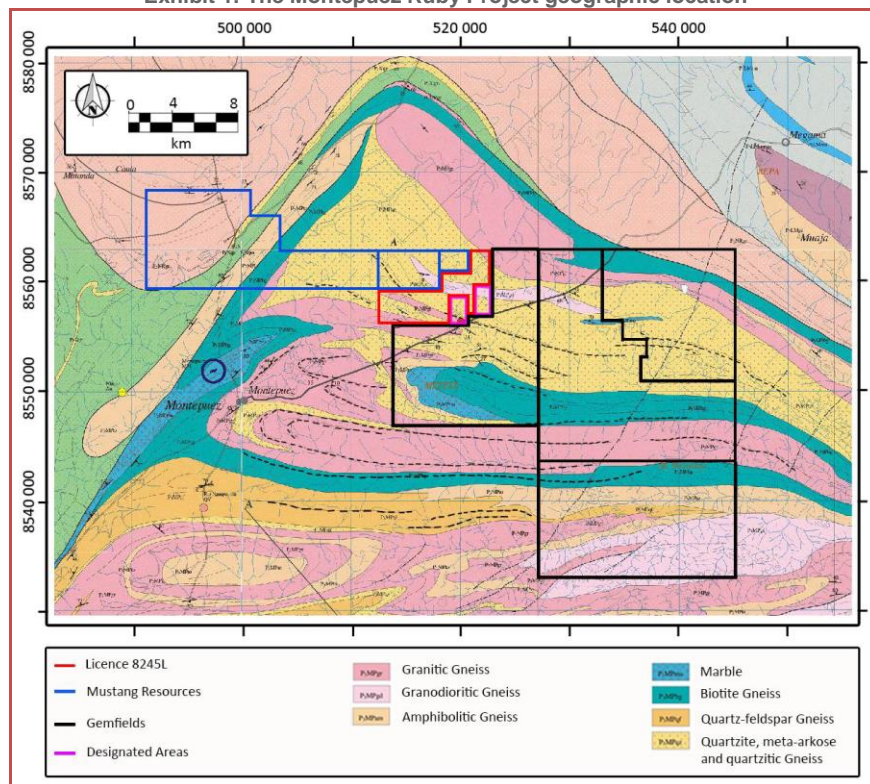
We now present the reader with updates on the Company's two flagship projects.

Montepuez Ruby Project – Flagship project

Location and Geology

Mustang's Ruby Project is located in Montepuez, Cabo Delgado province in North Mozambique, which is well known for its high-quality ruby deposits. The Montepuez Ruby Project is just eight kilometers away from the world's largest gemstone producer, Gemfields PLC's ruby deposits. Mustang currently holds ownership interests in four ruby exploration licenses 4143L, 4258L, 5030L, and 8245L (recently signed on February 28, 2017 but closing once various standard conditions are satisfied) spreading over 193 km² in Mozambique. The Company's ownership interest varies from 52% to 65% in these four license areas. *(Please refer to RBMG's previous report dated October 12, 2016, for further details of the project).* Exhibit 1 presents the geographical location of the Montepuez Ruby Project.

Exhibit 1: The Montepuez Ruby Project geographic location



Source: Company Press release dated February 28, 2017

Recent Developments

Recent Acquisition of ruby license (8245L) further enhances Mustang's prospects

On February 28, 2017, Mustang has agreed to acquire a 65% ownership interest in a high-quality ruby license (License 8245L as shown in Exhibit 1) from SLR Mining Lda (present license holder). This license area spreads over 3,500 hectares (35 km²) in between Mustang's Montepuez Ruby Project and one of the key secondary ruby deposits of Gemfields. The new license possesses a geological structure similar to nearby high-quality secondary deposits mined by Gemfields. License 8245L is located just three kilometers southeast of the Company's Alpha ruby deposit and plant site. Therefore, the Company could easily expand its auger drilling and pitting activities for further development of this site. Further, artisanal mining has been undertaken on license 8245L and has recovered high-quality rubies. Mr. Paul Allan, the independent consultant of Mustang, recently visited the site and confirmed the presence of high-quality especially secondary ruby deposits, exploited by the artisanal miners. As a result, the Company intends to speed up the development of this site.

The Company will issue 30 million shares and pay US\$100,000 cash for this acquisition. Further, the Company intends to raise \$5.88 million through the issuance of approximately 76.4 million shares at \$0.077 per share. The first tranche funds of approximately \$5.28 million are expected to close by March 08, 2017. Exhibit 2 shows the high-quality rubies recovered from license 8245L by artisanal miners.

Exhibit 2: High-quality rubies recovered by artisanal miners on license 8245L



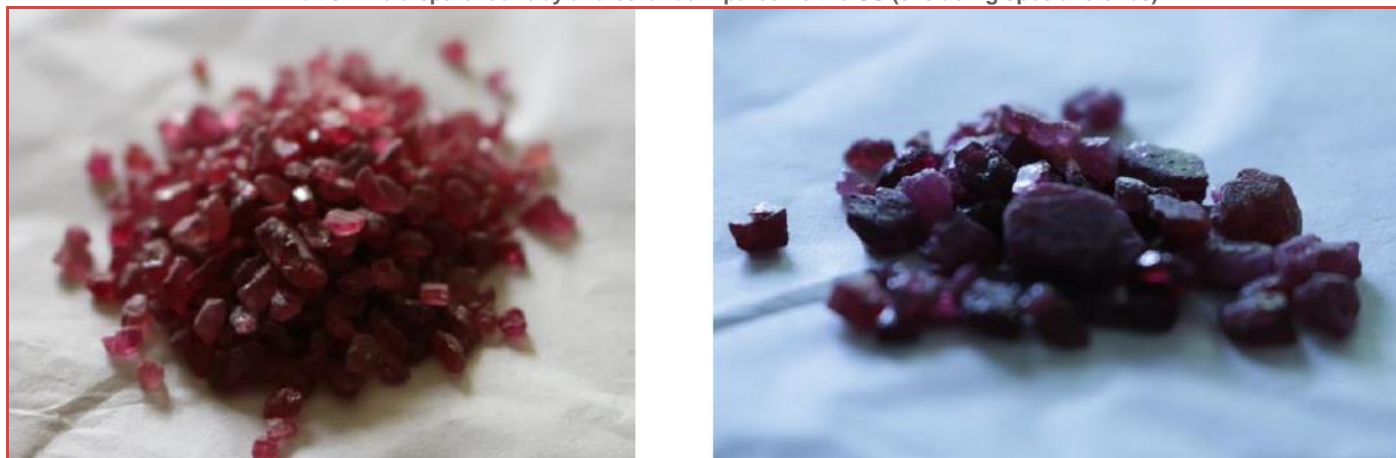
Source: Company Press release dated February 28, 2017

Dispatch of ruby and corundum parcels to the US – first ruby sale expected in 2Q17

Mustang initiated a two-phase exploration work program at the Montepuez Ruby Project in late 2015. The Company successfully completed the preliminary phase 1 program (explained in Exhibit 6), which included Desktop Study, Field Work, Equipment mobilization, Environmental Management Plan (EMP) and Local Government Consultation. Further, on June 25, 2016, Mustang began its Phase 2 exploration with trenching and drilling programs, followed by a bulk-sampling program in the Alpha deposit area.

Mustang processed 7,290.50 m³ of ruby bearing gravel from 15,585 m³ received from the Alpha deposit area, since the initiation of the bulk sampling program on January 20, 2017. As a result, the Company recovered 1,638.76 cts of high quality ruby. Further, the Company engaged with local prospecting teams for its exploration program to speed up the ruby recovery process which delivered an additional 13,314 cts for a total current inventory of 14,952 cts. In January 2017, the Company successfully sent 6,221 cts (included 815 cts from Mustang and 5,406 cts from Mustang's prospecting teams) of its first commercial parcel of rubies and corundum to the US (as shown in Exhibit 3) for further assessment and processing. These assessments should facilitate Mustang to evaluate their rubies' potential value and determine effective marketing strategies.

Exhibit 3: The dispatched ruby and corundum parcel to the US (excluding special stones)



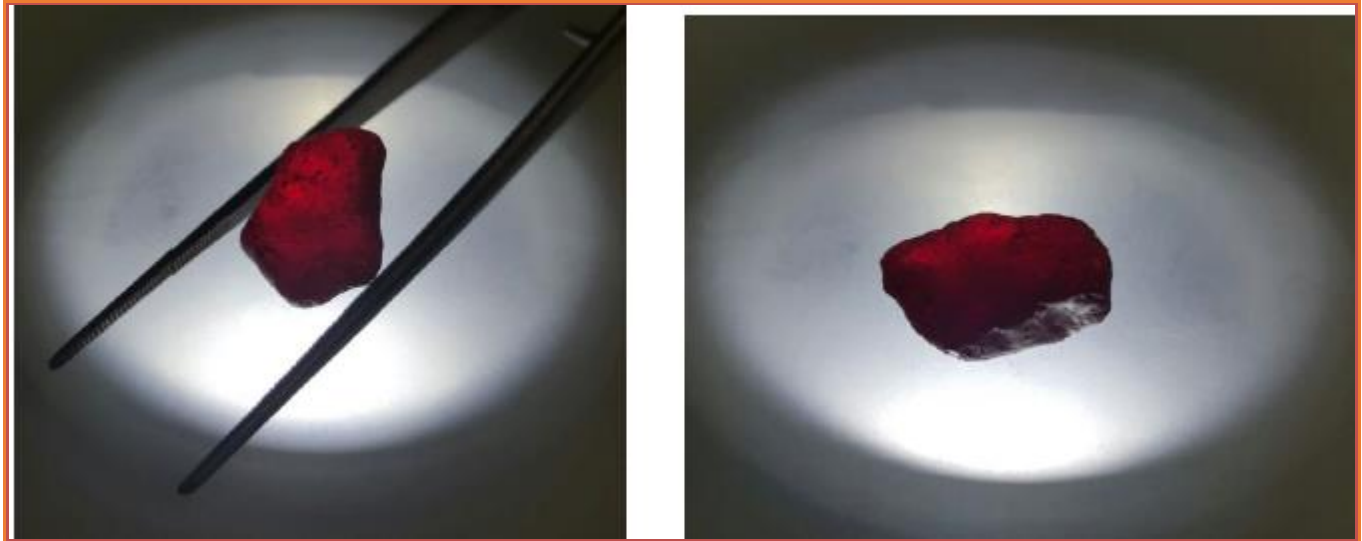
Source: Company Presentation

Mustang's special stones may yield higher than average revenues

Mustang's dispatched ruby parcels contained five special stones including two rare 24 ct rubies, totalling 75 cts. None of these rubies required any further heat treatment for cutting. As a result, these rubies could sell for higher prices. Mustang appointed Ms. Meg Berry for gemstone cutting, who is a well-known specialist gemstone cutter, with more than 38 years of experience in this field. The Company also intends to receive GIA (Gemological Institute of America) certification and subsequently expects to sell its special stones to high-end jewellers by March 2017. The cutting, polishing, and certification play an important role for pricing the rubies, which significantly generates substantial cash flows. Recently, from January 31, 2017 to February 4, 2017, the Company attended the AGTA GemFair (one of the largest gemstone trade in the world) in Tucson, Arizona and received favorable responses from senior industry experts and jewellery wholesalers.

As of today, Mozambique rubies between 4 cts to 4.99 cts offer promising market prices varying from US\$18,425 per ct to US\$42,000 per ct. Further, the value of ruby with higher stone sizes of more than five carats is normally negotiated between buyers and sellers for higher prices. Hence, the Company is well positioned to sell its rubies and record its first sales revenue in the second quarter of 2017.

Exhibit 4: Two special stones were dispatched to the US for cutting

*Source: Company Presentation*

Auger Drilling Program to identify more gravel zones

The Company successfully commissioned a bulk sampling plant near the Alpha deposit area in January 2017 (see Exhibit 5 below). Mustang then commenced an auger-drilling program along with a bulk sampling campaign at Alpha deposit area. Further, the Company intends to extend the auger-drilling program to other areas to delineate additional ruby gravel zones.

Exhibit 5: Alpha deposit area in the Montepuez Ruby Project

*Source: Company Presentation*

Future Strategy

The Company remains committed to advance its Montepuez Ruby Project towards its full-scale production. After successful completion of phase 1 and initiation of bulk sampling, the Company is expected to record first revenue from the sale of rubies in the first half of 2017. Further, the Company is committed to achieve a maiden Joint Ore Reserves Committee (the JORC code) Complaint Resource Statement and conduct a feasibility study in the second half of 2017. Eventually, the Company is also expected to achieve full-scale mining by setting up a processing plant with up to 300 tph capacity by the first half of 2018.

Exhibit 6 below illustrates the completed and upcoming milestones of the Montepuez Ruby Project.

Exhibit 6: Montepuez Ruby Project – Work program

| Phases | Milestones | Completion Status |
|----------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------|-------------------|
| Phase 1 - completed | Desktop Study - In November 2015, Mustang completed geological map survey, literature & regional geophysics survey in the Montepuez project region | ✓ |
| | Field Work - On February 25, 2016, the Company undertook a helicopter survey and identified one primary target (4143L) and two secondary target mineral zones. | ✓ |
| | Equipment Mobilization - the Company mobilized its existing support equipment to the Montepuez Ruby Project | ✓ |
| | Environmental Management Plan (EMP) and Local Government Consultation - The Company received the necessary governmental approvals | ✓ |
| Phase 2 - in process | Trenching, Pitting and Drilling - On June 25, 2016, Mustang began its Phase 2 exploration program with trenching and drilling programs | ✓ |
| | Discovery of high quality secondary ruby deposit in July 2016 | ✓ |
| | Bulk Sampling Program – In October 2016, the Company recovered 460.43cts of high quality rubies during the commissioning of the bulk sample mining plant | ✓ |
| | Acquisition of ruby license 8245L, three kilometers south-east of Mustang plant site and Alpha ruby deposit | ✓ |
| | Execution of second shift to increase production | Feb 2017 |
| | Auger Drilling Program | Jan – Dec 2017 |
| | Sale of exploration rubies | Q2 2017 |
| | Maiden JORC Resource & Feasibility Study | H2 2017 |
| | Initiation of Full Scale Mining | H1 2018 |

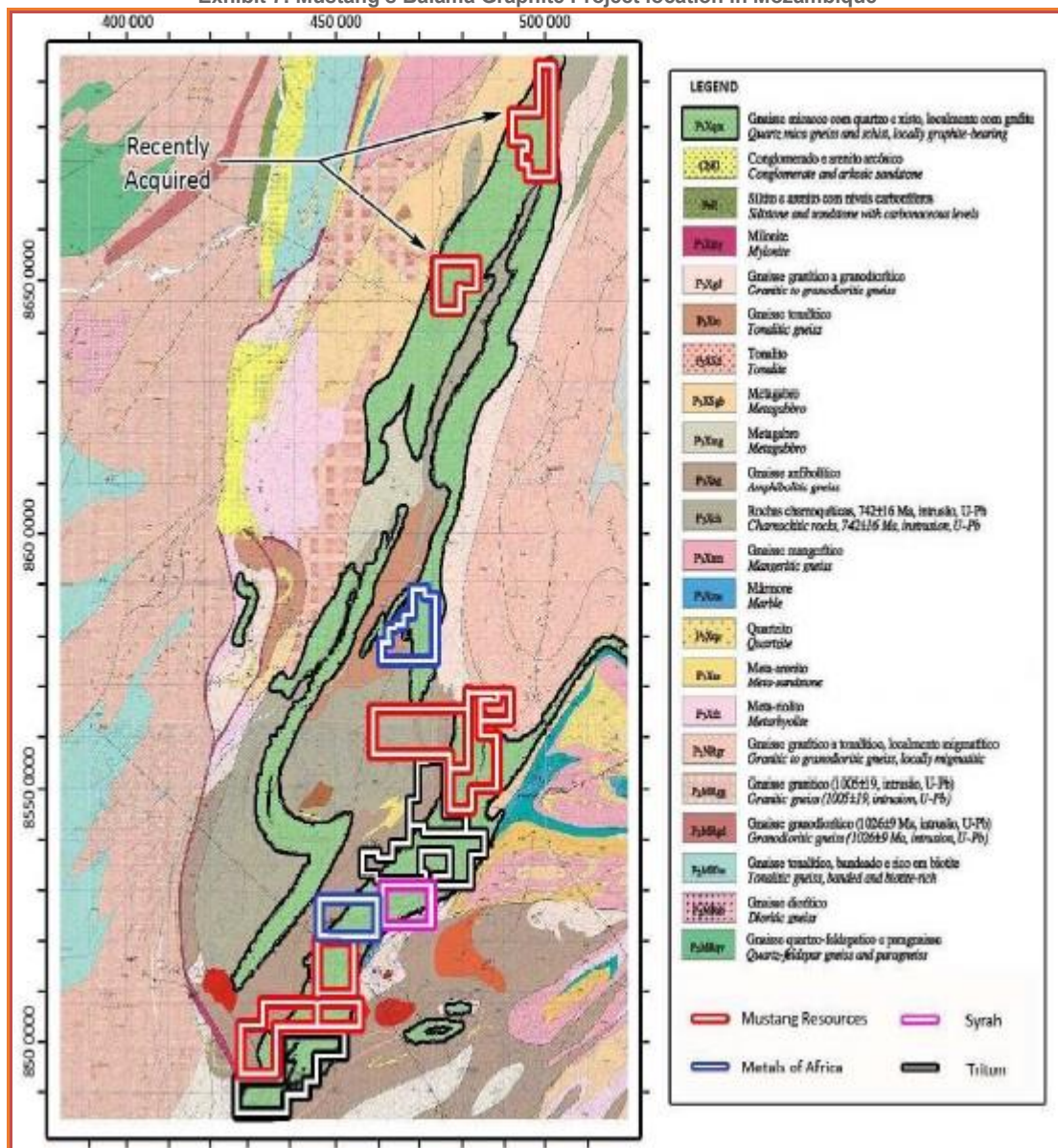
Source: Company Presentation

Balama Graphite Project

Location and Geology

Mustang has graphite licenses in Northern and Southern Mozambique. The Company holds majority interests in seven exploration licenses (licenses 4661L, 4662L, 5873L, 6636L, 6678L, 6363L and 7560L) in Balama with its Balama Graphite Project spanning an area of about 70,000 hectares (ha). Moreover, this site is located near Syrah Resources (ASX: SYR), Battery Metals (ASX: BAT) and Triton Minerals' (ASX: TON) graphite deposits. RC drilling and field assessments conducted by the Company reveal the presence of high grades of graphitic mineralization intersections of about 22% Total Graphitic Carbon (TGC), and 57.9% Super Jumbo flakes in the Balama Graphite Project site. Exhibit 7 presents Mustang's graphite license areas located near the graphite license areas of Triton Minerals, Syrah Resources and Battery Metals. *(Please refer to RBMG's previous report dated October 12, 2016, for further details of the project)*

Exhibit 7: Mustang's Balama Graphite Project location in Mozambique



Source: Company website

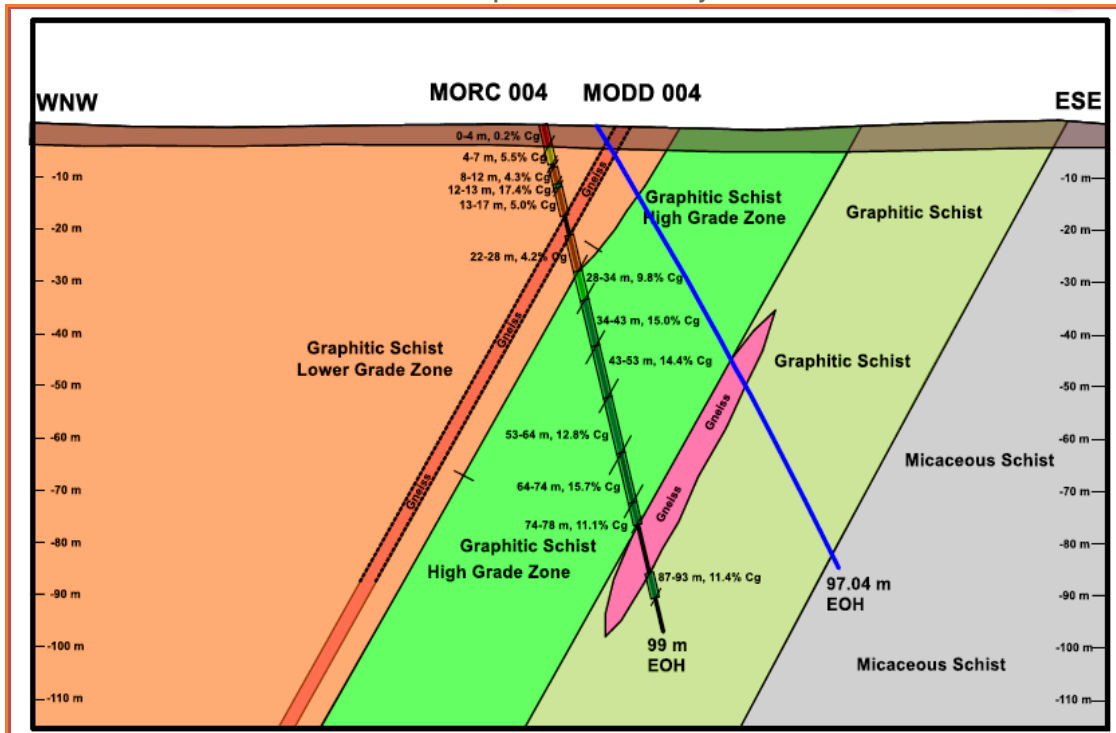
Recent developments in Balama Graphite Project

Mustang's Reverse Circulation (RC) drilling at its Balama project site revealed the presence of high-grade graphite intersections of up to 22% TGC. Promising results from RC drilling encouraged the Company to further evaluate its graphite deposits.

On October 2016, the Company started diamond drilling in the top three of the eight locations in which RC drilling was done. Diamond drilling will help provide detailed analysis on size, liberation characteristics and flake qualities of graphite at a particular site. The entire diamond drilling process was completed in December 2016. During this period, about 596m of diamond drilling was completed and compelling graphitic mineralization intersections were visually observed from all sites (see Exhibit 10). Of all the sites, the Caula Project site was given high importance and drilling was focused in this site as it has the potential to become Mustang's maiden JORC graphite resource in the first half of 2017. Brief descriptions of the diamond drilling carried out in each of the licensed Balama project sites are as follows.

- License 6678L ("Caula Project"; Mustang 80% interest)** - The Caula Project site has modelled average Total Graphite Carbon (TGC) of 14%, whereas the southern region in 5873L is about 5.54%TGC. The high TGC is the reason why the Caula Project site is highly ranked in Mustang's license portfolio. Of the eight diamond drill holes, five diamond drill holes were undertaken within the anticline hinge region identified by the SkyTEM data. Larger flake sizes were found in the steeply dipping hinge zone of 6678L. The diamond drill hole MODD004 was made replicating the RC drill hole MORC004; this is shown in Exhibit 8.

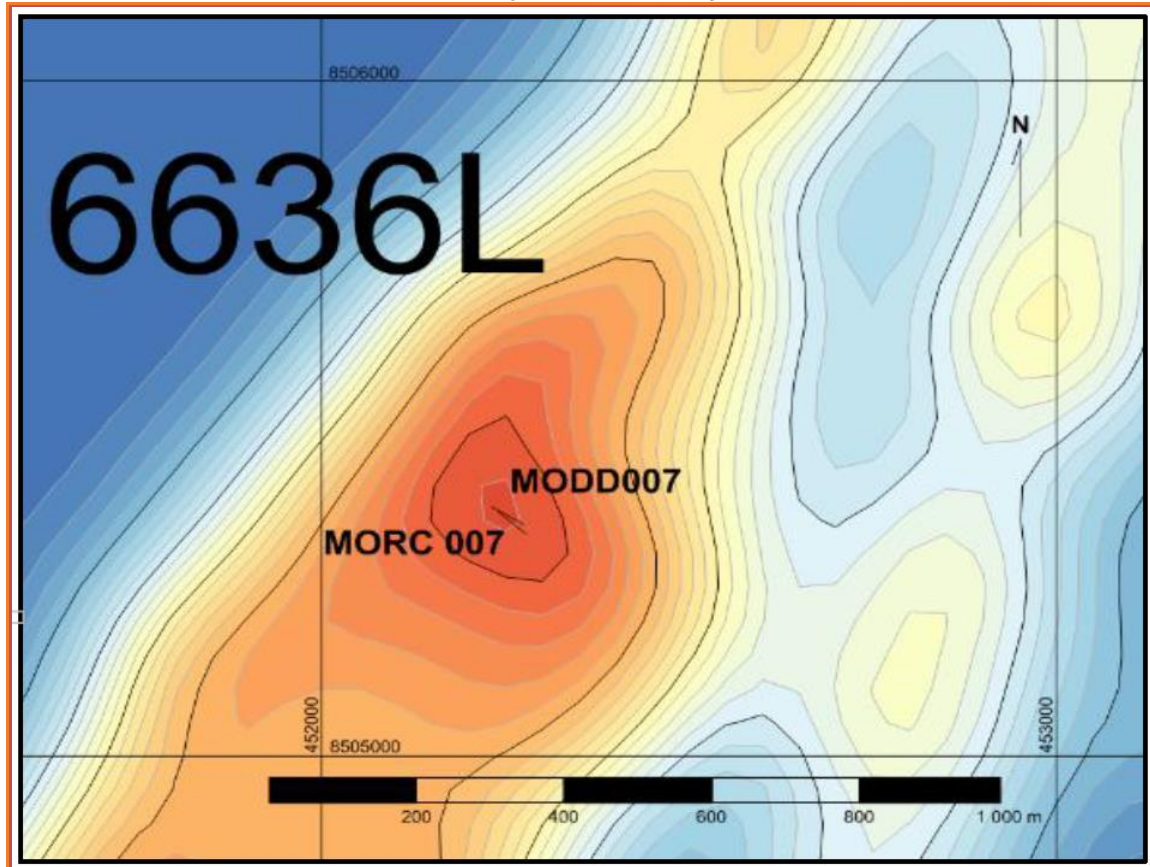
Exhibit 8: MODD004 replicated 10.73m away from MORC004



Source: Company filings

- License 6636L-** A diamond drill hole (MODD007) replicating the existing RC hole (MORC007) was undertaken in this region; this is shown in Exhibit 9.

Exhibit 9: MODD007 replicated 10.9 m away from MORC 007



Source: Company filings

- **License 4662L-** A diamond drill hole (MODD008) replicating the existing RC hole (MORC008) was undertaken in this region.

The data regarding the graphite mineralization intersections in the diamond drill holes are shown in Exhibit 10.

Exhibit 10: Graphite mineralization intersections found in diamond drill holes

| Borehole | Downhole Interval | Mineralized zones |
|----------|-------------------|-------------------------------------|
| MODD001 | 45m | 9m and 54m along drill trajectory |
| MODD002 | 28m | 19m and 47m along drill trajectory |
| MODD003 | 77m | 81m and 158m along drill trajectory |
| MODD004 | 34m | 15m and 49m along drill trajectory |
| | 39m | 57m and 96m along drill trajectory |
| MODD005 | 6m | 14m and 20m along drill trajectory |
| | 8m | 24m and 32m along drill trajectory |
| | 56m | 44m and 100m along drill trajectory |
| MODD007 | 41m | 9m and 50m along drill trajectory |
| MODD008 | 30m | 11m and 41m along drill trajectory |

Source: Company filings

The graphite samples recovered from diamond drilling were sent to the laboratory for analyzing the metallurgical properties, flake-size distribution and total graphitic content of the samples. Field assessments have brought to light the presence of visually high grade, large flake size graphite zones. The company is now awaiting confirmation of these results from laboratory analysis and metallurgical test work. The grades of graphitic mineralization intersections found by RC drilling in the three licensed regions (6678L, 6636L & 4662L) are shown below in Exhibit 11.

Exhibit 11: Graphite mineralization intersections found in RC drill holes

| Borehole | Mineralized zones | Downhole Interval | Average TGC | Highest TGC |
|----------|-------------------|-------------------|-------------|-------------|
| MORC004 | 4m – 7m | 3m | 6% | 8.16% |
| | 8m – 17m | 9m | 6% | 17.40% |
| | 22m – 78m | 56m | 12% | 22.00% |
| MORC007 | 87m – 93m | 6m | 11% | 18.80% |
| | 0m – 20m | 20m | 8% | 15.70% |
| MORC008 | 21m – 30m | 9m | 7% | 12.60% |
| | 35m – 42m | 7m | 5% | 6.97% |
| | 0m – 74m | 74m | 7% | 18.80% |

Source: Company filings

It should be noted that these are the three RC drill holes cloned by the diamond drill holes MODD004, MODD007 and MODD008.

In the future, while continuing to focus on its flagship Montepuez Ruby Project, the Company also intends to unlock shareholder value from its Balama Graphite Project, which should benefit from expected robust demand in the lithium-ion battery industry.

Industry Overview

We now present the reader with recent trends in the ruby and graphite industries.

Overview of the Ruby Industry

In the global market segment for luxury jewelry, colored gemstones like ruby, sapphire, emerald and others have significant demand. According to Gemfields' annual report in 2016, the top three colored (emerald, ruby and sapphire) gemstones' global imports were about US\$5.9 billion in 2015, an increase of 13% compared to 2014. China, India and the US are the most significant consumers of emerald, ruby and sapphire, importing \$1.2 billion of gemstones per year per country, an increase of approximately 280% since 2005.

Among the colored gemstones, ruby is desirable and known for its finest quality. The excellent hardness, magnificence in its bright red color and the rarity of ruby make it an attractive component in jewelry and hence the higher price offered to it per carat. However, rubies that are fracture-filled and those made by heat treatment are available at reduced prices. This has made ruby available in a wide price range and thereby has seen great demand in jewelry applications in India, China and other countries. The segment's biggest challenge is reliable supply. Jewelry makers find it hard to source stones of the finest quality and are in need of a supplier who could help them meet unfulfilled market demand. Ruby deposits found during recent explorations in Montepuez, Mozambique has already started serving this unfulfilled market demand.

Mozambique ruby producers will play a major role in the global ruby market

Burmese (Myanmar) rubies, once dominated the ruby market, with their world renowned "Pigeon Blood" rubies mined from their Mogok ruby mine. The slowdown in Myanmar's ruby production has made sourcing of high-quality rubies difficult. Supply is fragmented mainly because of unreliable sources that could not meet the market demand. This, in turn, has made the already rare and expensive ruby to increase significantly in value. In this scenario, the discovery of ruby deposits in the Montepuez region of Mozambique is seen as a boon for the ruby market. According to gemologist Richard Wise, the Mozambican rubies are seen to have color hues and fluorescence similar to that of Burmese rubies. These characteristics qualify the Mozambican ruby as a replacement for "Pigeon Blood" ruby. Gemfields' mining developments in Mozambique proved the possibility of a transparent market and a reliable supplier for the ruby market.

Now, Mozambique is slowly growing to replace the position of Myanmar as the largest producer of ruby. As recorded by Gemfields (one of the world's leading supplier of responsibly sourced colored gemstones), the colored gemstones market has grown 213% since 2009 and is expected to grow further. Mustang can also clearly position itself as a ruby producer in Mozambique to profit from the existing global conditions in the ruby market. Exhibit 12 lists the rubies that were sold at premium prices since 2011.

Exhibit 12: List of premium priced rubies sold since 2011

| Ruby | Carat | Price (in US\$) | Sold by / at | Year |
|--------------------|-------|-----------------|--------------------------|---------------|
| Ratnaraj Ruby | 10.05 | \$10,000,000 | Hong Kong | November-2016 |
| Jubilee Ruby | 15.99 | \$14,165,000 | U.S.A. | April-2016 |
| Crimson Flame Ruby | 15.04 | \$18,382,385 | Christies in Hong Kong | December-2015 |
| Sunrise Ruby | 25.59 | \$30,335,698 | Cartier | May-2015 |
| Graff Ruby | 8.62 | \$8,372,094 | Sotheby's Geneva auction | November-2014 |
| Hope Ruby | 32.08 | \$6,736,750 | NA | May-2012 |
| Puertas Ruby* | 8.24 | \$4,226,500 | Van Cleef & Arpel's | December-2011 |

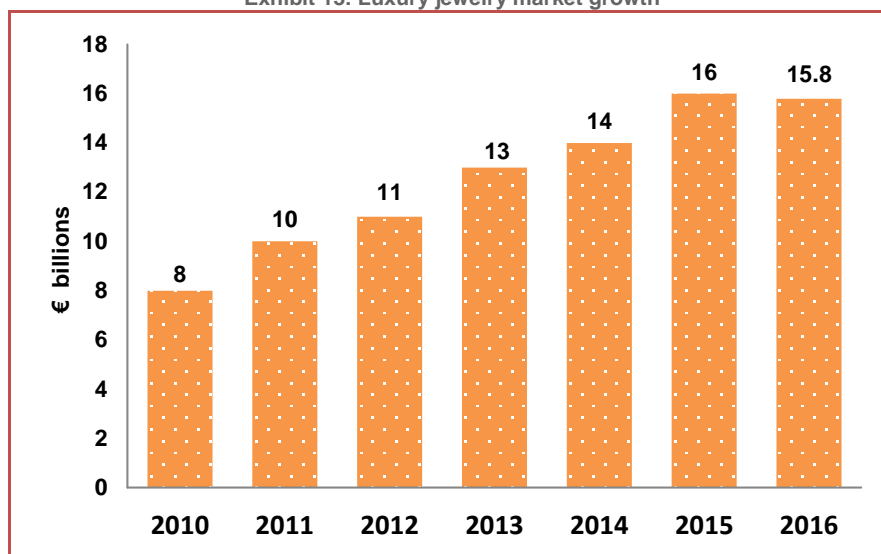
Source: Company filings

*The price of the Puertas Ruby encloses the price of the diamond ring sold along with it

Outlook for Luxury Jewelry Market remains positive in the long run

Exhibit 13 shows the growing trends in the luxury jewelry market segment. Bain & Company, a global management consulting firm, believes that the outlook for the luxury jewelry market segment in the long-term remains positive, even though the year end results of 2016 for the US luxury jewelry segment shrunk by 1% compared to that of 2015. The luxury jewelry segment was flat due to a reduction in tourist flows, mainly Chinese tourists. The decrease in numbers of Chinese tourists and tighter customs control by China has resulted in reduced store traffic. Adding to this, the Presidential election in the US, terrorism, Brexit and political uncertainty in the UK, lowered the confidence of consumers and thereby decreasing sales. Despite all the headwinds faced by the luxury jewelry market, signs of revival were seen at the end of the year. The US market has shown stability after the elections. A marginal increase in sales has been reported by some major stores in the luxury jewelry market, and this trend is expected to continue as consumer confidence was boosted at the end of 2016. Therefore, 2017 is expected to remain positive.

Exhibit 13: Luxury jewelry market growth

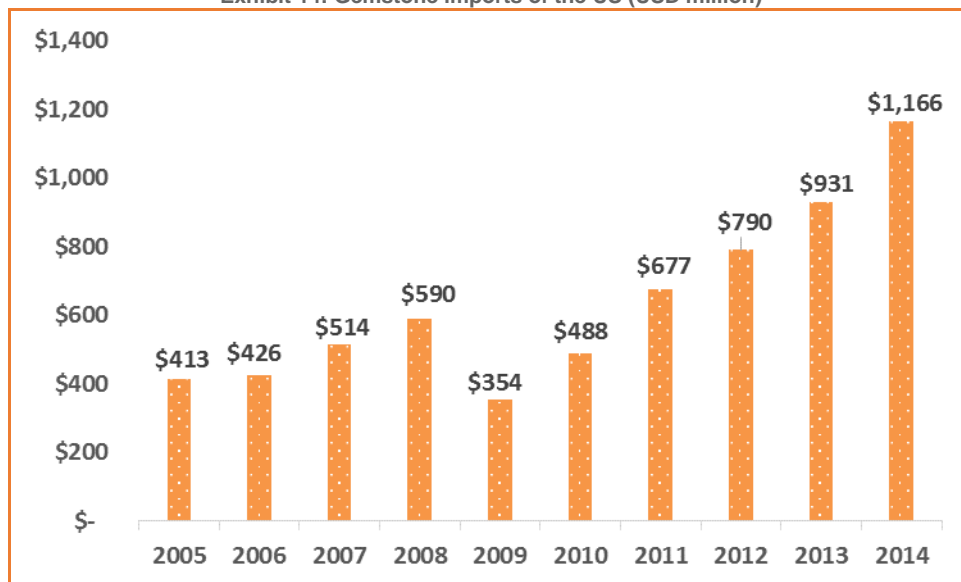


Source: Luxury gold worldwide market study-2015-Bain & Company

The US gemstone market continues to rapidly grow

At present, Mustang is targeting the underserved US gemstone market. The US imported US\$1.2 billion of ruby, emerald and sapphire in 2015, assuming ruby alone equally contributed approximately US\$400 million. According to the Global Mining Observer, a London-based independent mining research company, the US gemstone market estimated at 2.6% of the diamond market in 2005, has grown to an estimated 4.5% of the diamond market in 2014. Exhibit 14 presents the US colored gemstone imports, which increased by 14% CAGR from US\$413 million in 2005 to US\$1.1 million in 2014. Further, in 2015, India significantly increased its imports of emeralds, rubies and sapphires by 72% year over year. As a result, these strong global gemstone market growth trends should benefit companies like Mustang especially as Mustang is only one of two listed ruby producers in the world.

Exhibit 14: Gemstone imports of the US (USD million)

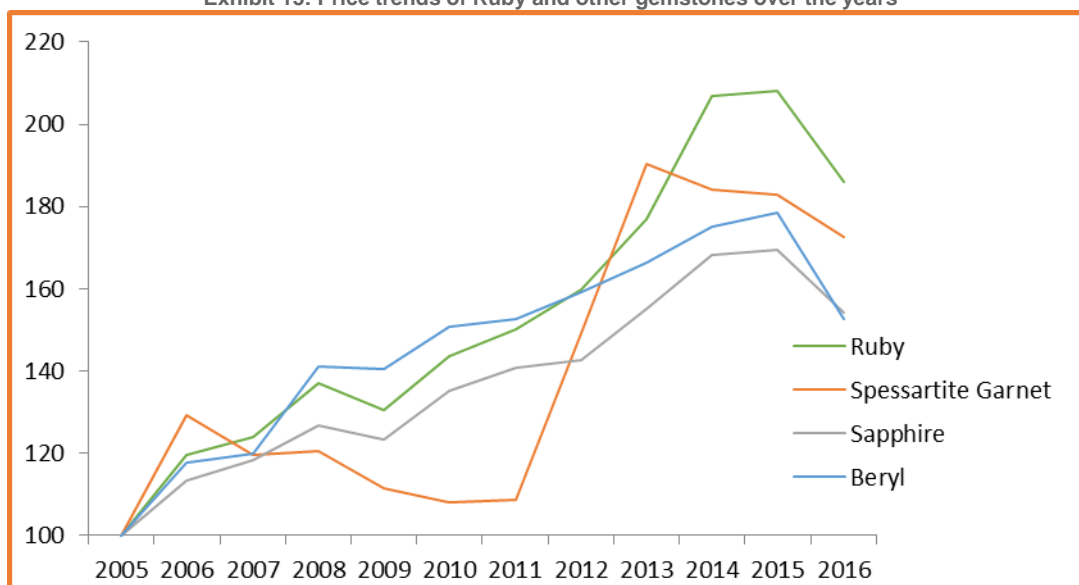


Source: Mustang press release & Global Mining Observer, Issue 131 July 2015

Signs of revival expected to boost ruby prices

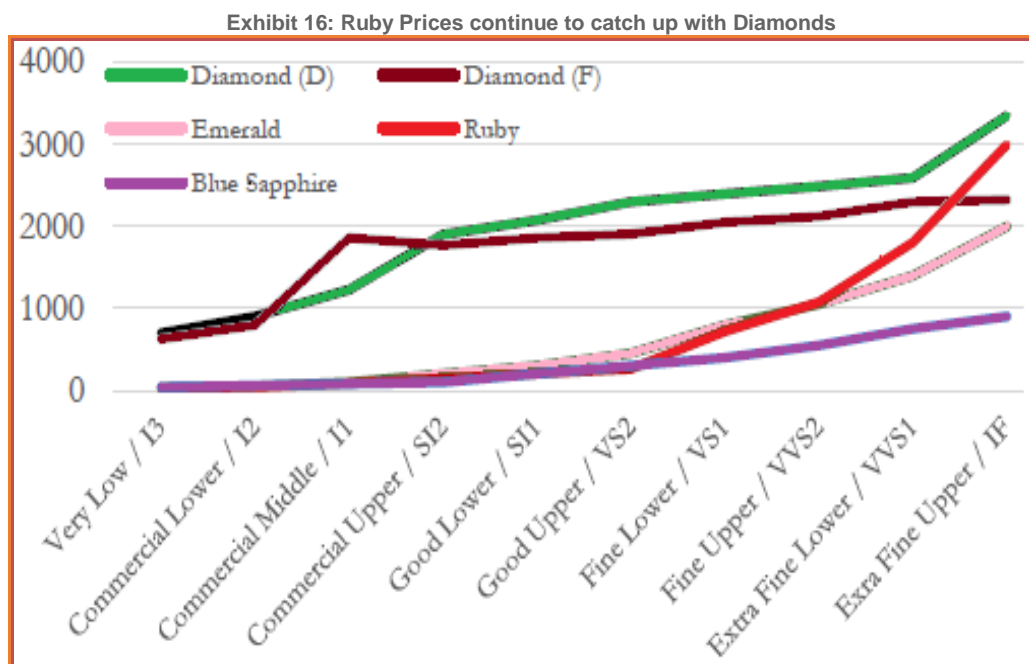
The value for rubies has increased over the years, mainly due to strong demand from countries like China, India and the US. Exhibit 15 shows the price trends of various gemstones over the years given by Gemval. The value of ruby has doubled in 2015 compared to its value in 2005. The price of ruby is on a rising trend since the fall in ruby production in Myanmar's Mogok stone tract. The world-renowned "Pigeon Blood" ruby was sourced from this site, and the decline in production has increased the rarity of such rubies. Jewelry makers are also finding it difficult to source high-quality rubies since. This has greatly increased the value of any ruby that is recovered. The "Sunrise" ruby ring of 25.59 cts sold for more than US\$30 million at Sotheby's Geneva auction in May 2015 and is the most expensive ruby ever sold since the fall in Myanmar production. The rarity of ruby has also attracted customers who collect rare gemstones. Gemstone seekers are also attracted to rubies as they have started to see it as a highly valued and precious gemstone. Price disparity exists between untreated and heat-treated rubies because untreated rubies are valued higher. The increasing customer base and the difficulty in sourcing rubies like the "Pigeon Blood" should greatly influence the future demand and value of ruby in the coming years.

Exhibit 15: Price trends of Ruby and other gemstones over the years



Source: Gemval.com

Exhibit 16 shows the various gemstones price ranges for different qualities. Ruby prices have continued to increase and are now catching up with diamond prices. Unheated higher quality rubies are now selling at a significant premium value compared to other luxury jewels. Further, according to Gemfields' financial report (2016), the global imports of diamonds significantly decreased by 17% to US\$84 billion in 2015, as compared to US\$70 million in 2014. This is primarily attributable to the global demand shift towards gemstones such as emeralds, rubies, and sapphires.



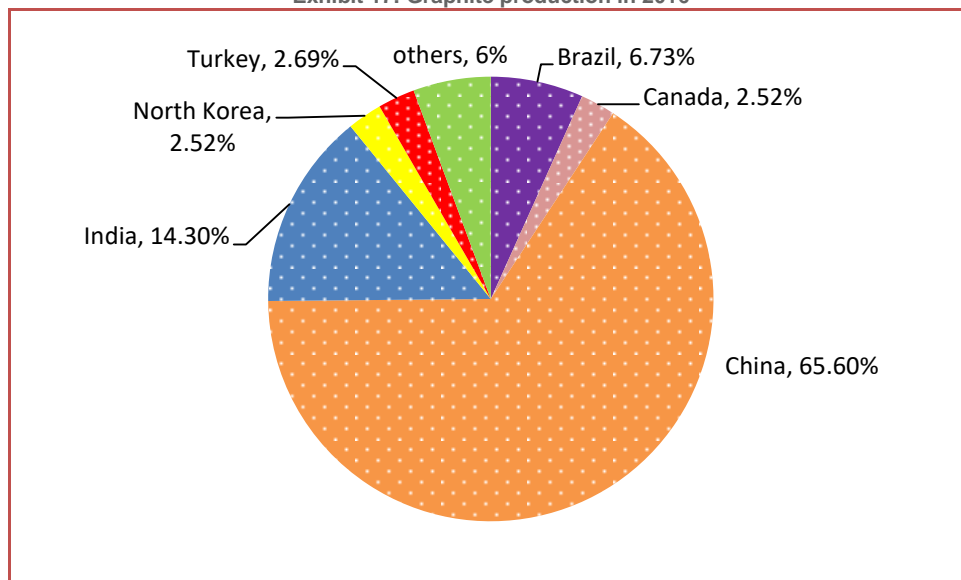
Source: Gemworld international Inc. and Company presentation (2015 US\$/ct)

Overview of the Graphite industry

Graphite is a mineral form of carbon, which has both metallic and non-metallic characteristics. These characteristics make graphite suitable for various industrial applications. Graphite's high thermal resistance and electrical conductivity enable it to be used in electric arc furnaces as a refractory element. It is also used in Lithium (Li-ion) batteries as an electrode. With the electric vehicle market booming, demand for graphite is also seen to be increasing because of its use in Li-ion batteries.

Exhibit 17 shows the graphite production data in 2016. About 780,000 metric tons of graphite is estimated to be produced by China and it accounts for about 66% of the global production. China is followed by India with a production of about 170,000 metric tons. China remains as not only the largest producer but also the largest consumer of graphite. Countries like Canada, Tanzania, Mozambique and others have also undertaken exploration to meet the growing demand for graphite.

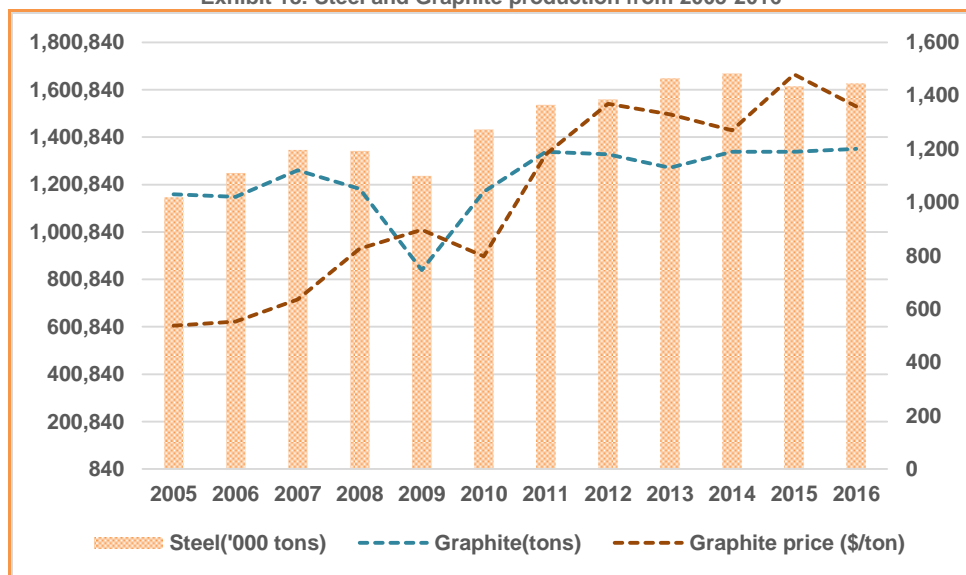
Exhibit 17: Graphite production in 2016



Source: Industrial mineral research, U.S. Geological Survey

Graphite is extensively used as an electrode in the steel production process due to its high thermal stability and electrical conductivity. Therefore, the demand for graphite is highly correlated with the growth of the steel industry over the years as seen in Exhibit 18, which shows the historical steel and graphite production data along with graphite prices from 2005 to 2016.

Exhibit 18: Steel and Graphite production from 2005-2016



Source: Industrial mineral research, U.S. Geological Survey

Recently, steel products have seen a decline in demand due to slowdown in China; and the effects are seen in graphite demand as well. However, the emergence of EVs has revitalized the graphite industry with robust demand from lithium-ion (Li-ion) battery manufacturers.

Graphite's application in Li-ion batteries is expected to drive demand

According to Research Nester's (a leading market research provider) research report "Global Graphite Market Outlook 2023", the global graphite market is predicted to grow at 10.52% CAGR for the forecasted period of 2016-2023, driven by increased demand from the EV segment. Global EV sales doubled since 2014, showing tremendous growth potential. In 2016, Global EV sales stood at 777,497 vehicles, which is a 41% Y-O-Y increase from 2015. Further, IHS Automotive forecasts EV's to represent approximately 4% of the light vehicles around the globe by 2020, estimated at 3.9 million cars compared to 14,000 cars in 2010. Specifically, EV manufacturer Tesla has planned to make about 90,000 electric vehicles in 2017.

Despite strong underlying demand from the EV segment, graphite used in Li-ion batteries accounts for only 5% of the total graphite production. Hence, there exists a supply deficit in the battery grade flake graphite market segment, highlighting the need for new and existing miners to cater the undersupplied graphite market. Therefore, Mustang Resources, with its flagship Balama graphite project, is well positioned to take advantage of the robust lithium market demand.

Political stability supports growth in mining industry in Mozambique

Among the South African nations, Mozambique has a strong political stability and a multi-party democracy. It has huge deposits of graphite, coal, iron ore, gold, natural gas, mineral sands and rare gemstones. The government has regulated policies and made required infrastructure developments to support the mining and exploration industry. Gross Domestic Product (GDP) growth of Mozambique was at an impressive 8% rate in 2014, which has attracted Foreign Direct Investments. The World Bank provides investment guarantees for foreign investors against non-commercial/geopolitical risk through its Multilateral Investment Guarantee Agency (MIGA). Illegal mining activities have decreased, and all the above mentioned favorable conditions help in the growth of mining industry in Mozambique.

Financial Performance

We now present the reader with the financial performance of Mustang. We analyze cash burn and cash flow statements for December 2016 based on the Company's latest quarterly cash flow report. We note that the Company has not yet provided the latest income statement and balance sheet for December 2016, which is due for lodgment in mid-March 2017. Mustang follows July-June as its fiscal financial period.

Exhibit 19 explains the cash burn analysis and financial sustainability of Mustang. The Company's average cash burn was at \$0.65 million per month (which includes once-off historical capital items) and the average survival rate was at 3.93 months. The net operating cash flow alone is considered for the calculation of cash burn, as non-core business activities such as loans received from other entities are included in investing cash flow. In January 2017, the Company raised \$2.8 million capital by issuances of new shares in two different tranches with the second tranche of \$1.8 million settling on 24 January 2017. Further, the Company is expected to raise \$5.88 million through the issuance of 76.4 million shares at an issue price of \$0.077 per share in March 2017. This issuance was heavily oversubscribed, indicating strong support from investors. The Company expects to use most of the proceeds on ruby license 8245L following its acquisition. With the recently raised capital coupled with expected revenue from the ruby sales in 2Q17, the Company is well-funded to accelerate its production phase at the Montepuez Ruby Project and aggressively expand the Company's auger drilling campaign to new areas. In addition, Mustang could also conduct targeted exploration activities at the Balama Graphite Project, in the short term.

Exhibit 19: Cash burn analysis (in AUD '000s)

| Period/ Amount (in '000s) | 31-Mar-15 | 30-Jun-15 | 30-Sep-15 | 31-Dec-15 | 31-Mar-16 | 30-Jun-16 | 30-Sep-16 | 31-Dec-16 | AVG |
|-----------------------------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|---------|
| Net operating cash flow | (346) | (5,009) | (1,948) | (1,868) | (703) | (1,848) | (1,767) | (2,159) | (1,956) |
| Net investing cash flow | (1,192) | 3,360 | (591) | (45) | 133 | 257 | 17 | 12 | 244 |
| Net financing cash flow | (387) | 3,173 | (164) | 1,355 | 103 | 4,085 | 973 | 1,183 | 1,290 |
| Cash position (quarter end) | 2,159 | 3,671 | 1,007 | 500 | 51 | 2,521 | 1,679 | 698 | 1,536 |
| Burn Rate per month | (115) | (1,670) | (649) | (623) | (234) | (616) | (589) | (720) | (652) |
| Survival period (in months) | 18.72 | 2.20 | 1.55 | 0.80 | 0.22 | 4.09 | 2.85 | 0.97 | 3.93 |

Source: RBMG Research

Exhibit 20 provides Mustang's cash flow statements for the three months ended December 31, 2016 and September 30, 2016. For the three months ended December 31, 2016, the Company's operating cash outflow was at \$2.15 million, a 22% increase compared to the outflow for the three months ended September 30, 2016. This was primarily attributable to the increase in payments to suppliers and employees by 22%. Net cash used in investing activities was at \$12,000 for the three months ended December 31, 2016, mainly due to the payments for plant and equipment. Further, for the three months ended December 31, 2016, cash from financing activities increased by 22% to \$1.18 million, primarily attributable to the proceeds from issuance of shares and options, and low issuance costs compared to the three months ended September 30, 2016.

Exhibit 20: Cash Flow Statements for the three months ended December 31, 2016 & September 30, 2016

| Particulars | For the three months ended 31 December 2016 | For the three months ended 30 September 2016 | Q-o-Q (%) |
|--------------------------------------------------------------|---------------------------------------------|----------------------------------------------|-----------|
| Cash Flow from Operating Activities | | | |
| Receipts from customers | \$0 | \$0 | NM |
| Payments to suppliers and employees | (2,160,000) | (1,769,000) | 22% |
| Interest received | 1,000 | 2,000 | -50% |
| Interest paid | - | - | NM |
| Net cash flows used in operating activities | (\$2,159,000) | (\$1,767,000) | 22% |
| Cash Flow from Investing Activities | | | |
| Payments for exploration and evaluation expenditure | - | - | NM |
| Payments for plant & equipment | (31,000) | (90,000) | -66% |
| Proceeds from sale of plant & equipment | 43,000 | 107,000 | NM |
| Payments for oil & gas properties | - | - | NM |
| Proceeds from sale of controlled entity | - | - | NM |
| Proceeds from sale of prospects | - | - | NM |
| Net cash flows (used in)/from investing activities | 12,000 | 17,000 | -29% |
| Cash Flow from Financing Activities | | | |
| Proceeds from the issue of shares and options | 1,219,000 | 1,169,000 | 4% |
| Proceeds from the issue of convertible loans | - | - | NM |
| Proceeds from Lanstead | - | - | NM |
| Share issue costs | (36,000) | (196,000) | -82% |
| Loans from other entities | - | - | NM |
| Redemption of convertible notes & securities | - | - | NM |
| Net cash from financing activities | \$1,183,000 | \$973,000 | 22% |
| Net (decrease)/increase in cash and cash equivalents | (\$964,000) | (\$777,000) | 24% |
| Cash and cash equivalents at 1 October | \$1,679,000 | \$2,521,000 | -33% |
| Effect of exchange rate changes on cash and cash equivalents | (17,000) | (65,000) | -74% |
| Cash and cash equivalents at 31 December | \$698,000 | \$1,679,000 | -58% |

Source: Company filings

As mentioned earlier, the Company has not yet provided an income statement and balance sheet for December 2016. Therefore, we present income statements and balance sheets for June 2016 and June 2015.

Exhibit 21 presents Mustang's income statements for the twelve months ended June 30, 2016, and June 30, 2015. The Company's core business activities didn't generate any revenue in the financial year 2016. In the twelve months ended June 30, 2016, the net loss of Mustang has increased to \$10,282,313, in comparison to the twelve months ended June 30, 2016, net loss of \$6,620,704. The Company's impairment of exploration and evaluation and administration costs increased by about 120% compared to that of the same period in 2015, thereby, increasing the net loss. (For further details, please refer to RBMG's previous report, dated October 12, 2016)

Exhibit 21: Income Statements for the twelve months ended June 30, 2016 & June 30, 2015

| Particulars | For the twelve months ended 30 June 2016 | For the twelve months ended 30 June 2015 | Y-o-Y (%) |
|------------------------------------------------------------------------------|------------------------------------------|------------------------------------------|-------------|
| Interest income | \$731 | \$2,672 | -73% |
| Impairment of exploration and evaluation | (4,784,279) | - | NM |
| Administration costs | (3,708,395) | (1,685,763) | 120% |
| Relisting and restructure costs | - | (636,432) | -100% |
| Fair value loss on financial asset held at fair value through profit or loss | (1,692,847) | - | NM |
| Depreciation | (104,341) | (1,326) | NM |
| (Loss)/Profit on sale of assets | (108,130) | 40,682 | -366% |
| Foreign exchange gain | 17,919 | 105,994 | -83% |
| Gain on extinguishment of liability | 292,692 | - | NM |
| Exploration expenditure | (154,306) | - | NM |
| Finance costs | (41,357) | (201,967) | -80% |
| Loss from continuing operations before income tax expense | (\$10,282,313) | (\$2,376,140) | 333% |
| Income tax (expense) / benefit | - | - | |
| Loss from continuing operations | (\$10,282,313) | (\$2,376,140) | 333% |
| Loss from discontinued operations | - | (4,244,564) | -100% |
| Net loss for the period | (\$10,282,313) | (\$6,620,704) | 55% |
| | | | |
| Basic loss per share (cents per share) | (\$8.33) | (\$29.20) | -71% |
| Diluted loss per share (cents per share) | (\$8.33) | (\$29.20) | -71% |
| Weighted average number of ordinary shares at 30 June | 123,474,776 | 22,676,454 | 445% |

Source: Company filings

Exhibit 22 presents Mustang's balance sheets as of June 30, 2016, and June 30, 2015. The Company's cash and cash equivalents were \$2.2 million for the financial year ended on June 30, 2016. The cash and cash equivalents have decreased compared to \$3.7 million for the financial year ended on June 30, 2015. The decrease in cash and cash equivalents for FY16 was mainly due to lower proceeds from the issuance of shares and options compared to that of FY15. (For further details, please refer to RBMG's previous report, dated October 12, 2016).

Exhibit 22: Balance Sheets as of June 30, 2016 and June 30, 2015

| Particulars | As of June 30, 2016 | As of June 30, 2015 | Y-o-Y (%) |
|---------------------------------------------------|---------------------|---------------------|-------------|
| ASSETS | | | |
| Current assets: | | | |
| Cash and cash equivalents | \$2,173,329 | \$3,711,787 | -41% |
| Trade & other receivables | 652,060 | 670,702 | -3% |
| Financial assets held at fair value | 611,041 | - | |
| Prepayments | 33,497 | 116,609 | -71% |
| Total Current Assets | \$3,469,927 | \$4,499,098 | -23% |
| Non-current assets: | | | |
| Trade and other receivables | 5,088 | 1,014 | 402% |
| Property, plant and equipment | 719,971 | 1,676,172 | -57% |
| Exploration and evaluation assets | 28,107,516 | 21,307,109 | 32% |
| Total non-current assets | \$28,832,575 | \$22,984,295 | 25% |
| Total assets | \$32,302,502 | \$27,483,393 | 18% |
| LIABILITIES AND SHAREHOLDERS' EQUITY | | | |
| Current liabilities: | | | |
| Trade and other payables | 1,222,226 | 1,783,718 | -31% |
| Provisions | 115,937 | 136,777 | -15% |
| Total Current Liabilities | \$1,338,163 | \$1,920,495 | -30% |
| Non-current liabilities: | | | |
| Other payables | - | 1,464,844 | NM |
| Total non-current liabilities | \$0 | \$1,464,844 | NM |
| Total liabilities | \$1,338,163 | \$3,385,339 | -60% |
| Net assets | \$30,964,339 | \$24,098,054 | 28% |
| Equity: | | | |
| Contributed equity | 146,056,472 | 129,920,396 | 12% |
| Reserves | 11,421,686 | 12,242,498 | -7% |
| Accumulated losses | (130,056,614) | (119,923,917) | 8% |
| Parent interests | \$27,421,544 | \$22,238,977 | 23% |
| Non-controlling interests | 3,542,795 | 1,859,077 | 91% |
| Total Equity | \$30,964,339 | \$24,098,054 | 28% |
| Total liabilities and shareholders' equity | \$32,302,502 | \$27,483,393 | 18% |

Source: Company filings

Note: NM represents not meaningful

Shareholding Pattern

As of March 1, 2017, the Company had issued approximately 457 million shares, and had unquoted Class E Performance Rights of 14 million shares, which would vest based on the Company's achievement of JORC compliant inferred graphite resources with greater than 5% TGC of 50 million tons at any Balama license site on or before December 31, 2019. Exhibit 23 and Exhibit 24 show the capitalization structure and largest holders of Mustang respectively. Please note, the A\$5.8 million raise announced on February 28, 2017, or a share issue of approx 77.3 million additional shares, plus the 30 million shares for the acquisition of the 65% interest in the land acquisition (8245L). This would bring the total shares outstanding to approximately 564.4 million shares and 733.2 million shares fully diluted.

Exhibit 23: Capitalization structure as of March 1, 2017

| Particulars | Shares |
|----------------------------------------------------|-------------|
| Shares in Issues | 457,149,921 |
| Unquoted Class E Performance Rights | 14,000,000 |
| Options (Weighted Average Exercise Price \$0.1075) | 154,819,173 |

Source: Company presentation

Exhibit 24: Largest shareholders as of March 1, 2017

| Largest Shareholders | Holding % |
|-----------------------------------------------------------|-----------|
| Regius Resources Group Ltd, Mr. C van Wyk & Mr. C Jordaan | 6.5% |
| Andium Pty Ltd | 5.2% |
| Citicorp Nominees Pty Limited | 2.9% |
| ABN Amro Clearing Sydney Nominees Pty Ltd | 2.3% |
| BNP Paribas Nominees Pty Ltd | 1.9% |

Source: Company presentation

Sources

- Company Website
- Company Press Release & Presentations
- ASX Filings
- Gemval.com Luxury goods market study (2015)- Bain & Company
- Industrial mineral research. U.S Geological Survey
- Gemfields' annual report 2016

Disclaimer

The information contained herein is not intended to be used as the basis for investment decisions and should not be construed as advice intended to meet the particular investment needs of any investor. The information contained herein is not a representation or warranty and is not an offer or solicitation of an offer to buy or sell any security. To the fullest extent of the law, RB Milestone Group LLC ("RBMG"), its staff, specialists, advisors, principals and partners will not be liable to any person or entity for the quality, accuracy, completeness, reliability or timeliness of any information provided, or for any direct, indirect, consequential, incidental, special or punitive damages that may arise out of the use of information provided to any person or entity (including but not limited to lost profits, loss of opportunities, trading losses and damages that may result from any inaccuracy or incompleteness of such information). Investors are expected to take full responsibility for any and all of their investment decisions based on their own independent research and evaluation of their own investment goals, risk tolerance, and financial condition. Investors are further cautioned that small-cap and microcap stocks have additional risks that may result in trading at a discount to their peers. Liquidity risk, caused by small trading floats and very low trading volume can lead to large spreads and high volatility in stock price. Small-cap and microcap stocks may also have significant company-specific risks that contribute to lower valuations. Investors need to be aware of the higher probability of financial default and higher degree of financial distress inherent in the small-cap and microcap segments of the market. The information, opinions, data, quantitative and qualitative statements contained herein have been obtained from sources believed to be reliable but have not been independently verified and are not guaranteed as to accuracy, nor does it purport to be a complete analysis of every material fact regarding RBMG client companies, industries, or securities. The information or opinions are solely for informational purposes and are only valid as of the date appearing on the report and are subject to change without notice. Statements that are not historical facts are "forward-looking statements" that involve risks and uncertainties. "Forward looking statements" as defined under Section 27A of the Securities Act of 1933, Section 21B of the Securities Exchange Act of 1934 and the Private Securities Litigation Act of 1995 include words such as "opportunities," "trends," "potential," "estimates," "may," "will," "could," "should," "anticipates," "expects" or comparable terminology or by discussions of strategy. These forward-looking statements are subject to a number of known and unknown risks and uncertainties outside of the company's or our control that could cause actual operations or results to differ materially from those anticipated. Factors that could affect performance include, but are not limited to those factors that are discussed in each profiled company's most recent reports or company filings or registration statements filed with the SEC or other actual government regulatory agency. Investors should consider these factors in evaluating the forward-looking statements contained herein and not place undue reliance upon such statements. Investors are encouraged to read investment information available at the websites of Mustang Resources Ltd. ("Mustang") at www.mustangresources.com.au and the SEC at <http://www.sec.gov> and/or FINRA at <http://www.finra.org> and/or other actual government regulatory agency. RBMG is a consulting firm headquartered in New York, New York, USA and is hired by client companies globally to carry out consulting services that include: corporate strategy formation, business development, market intelligence and research. RBMG is not a FINRA member or registered broker/dealer. RBMG research reports and other proprietary documents or information belonging to RBMG are not to be copied, transmitted, displayed, distributed (for compensation or otherwise), or altered in any way without RBMG's prior written consent. RBMG has received a cash fee equal to one hundred and thirty thousand USD from Mustang in exchange for RBMG consulting services. In this case, consulting services consist of corporate strategy formation, business development, market intelligence and research. These services include RBMG helping Mustang communicate its corporate characteristics to applicable investment and media communities. In addition, RBMG and/or its respective affiliates, contractors, principals or employees may buy, sell, hold or exercise shares, options, rights, or warrants to purchase shares of Mustang at any time. In the past, RBMG's principal ("Principal"), through a separate investment fund that was controlled by Principal ("Fund"), collectively purchased 15,148,810 common shares plus 4,761,905 options to purchase 4,761,905 common shares of Mustang from Mustang. Currently, Principal, through Fund, indirectly owns shares and options of Mustang. Principal will directly or indirectly buy, sell, hold or exercise shares, options, rights, or warrants to purchase shares of Mustang at its lawful discretion and this can happen at any time.