BALAMA GRAPHITE PROJECT - UPDATE

1 February 2017

COMPANY INFORMATION

Mustang Resources Ltd
ABN 34 090 074 785
ASX Code: MUS

Current Shares on Issue:
457,149,921
Market Capitalisation:
$27 mil as at 31 January 2017

COMPANY DIRECTORS

Ian Daymond
Chairman

Christiaan Jordaan
Managing Director

Cobus van Wyk
Director

Twitter: @Mustang_Res
mustangresources.com.au

DRILLING CONFIRMS POTENTIAL TO DELINEATE HIGH-GRADE GRAPHITE RESOURCE AT BALAMA

Significant graphitic mineralised zones encountered with assays awaited

Highlights:

- **596m of diamond drilling completed at Mustang's Balama Graphite Project, Mozambique, located near its flagship Montepuez Ruby Project**
- **Drilling focused mainly on the Caula Project (6678L; 80% interest) and was designed to support the delineation of a maiden JORC graphite resource in the first half of 2017**
- **Superior graphite mineralisation has previously been identified at Balama, which is located along strike from world-class development projects owned by Syrah Resources (ASX: SYR) and Battery Minerals (ASX: BAT)**
- **Significant intersections from the recent drilling included 41m graphitic-zone between 9m and 51m on license 6636L and a 77m graphitic-zone between 81m and 158m on license 6678L**
- **Previous drilling returned high-grade intersections from eight RC holes targeting extensive SkyTEM anomalies, with intersections of up to 22% TGC**
- **Field assessment has highlighted the potential for large flake sizes**
- **Core samples in transit to SGS in Perth for full metallurgical analysis and flowsheet development – with results expected during Q2 2017**
- **Mustang remains committed to unlocking the value of the Balama Graphite Project whilst continuing to focus on advancing its flagship Montepuez Ruby Project**
- **Balama is well placed to participate in the rapidly growing graphite market, which is currently benefiting from soaring demand growth from the lithium-ion battery sector**

Mustang Resources Ltd (ASX: MUS) ("Mustang" or the "Company") is pleased to report encouraging preliminary results from the recently completed diamond drilling program at the Company's high-grade Balama Graphite Project, located in the world-class graphite province of Northern Mozambique.

The Company commenced diamond drilling towards the end of last year in order to further evaluate the commercial potential of the Balama Graphite Project, building on the highly encouraging results from earlier Reverse Circulation (RC) drilling.

Diamond drilling is typically required to evaluate properly graphite deposits given the complexity of graphite as a commercial product, which requires analysis of in-situ flake qualities and size as well as liberation characteristics. RC drill samples alone can only provide information on grade.

Using diamond core drilling, Mustang has cloned the three best RC holes – namely MORC 004, MORC 007 and MORC 008 (see Figure 1) with the objective of defining a maiden JORC Resource on the Caula Project (License 6678L) during H1-2017, whilst developing a comprehensive analysis of flake-size distribution and preliminary flowsheets for high quality graphite concentrate products

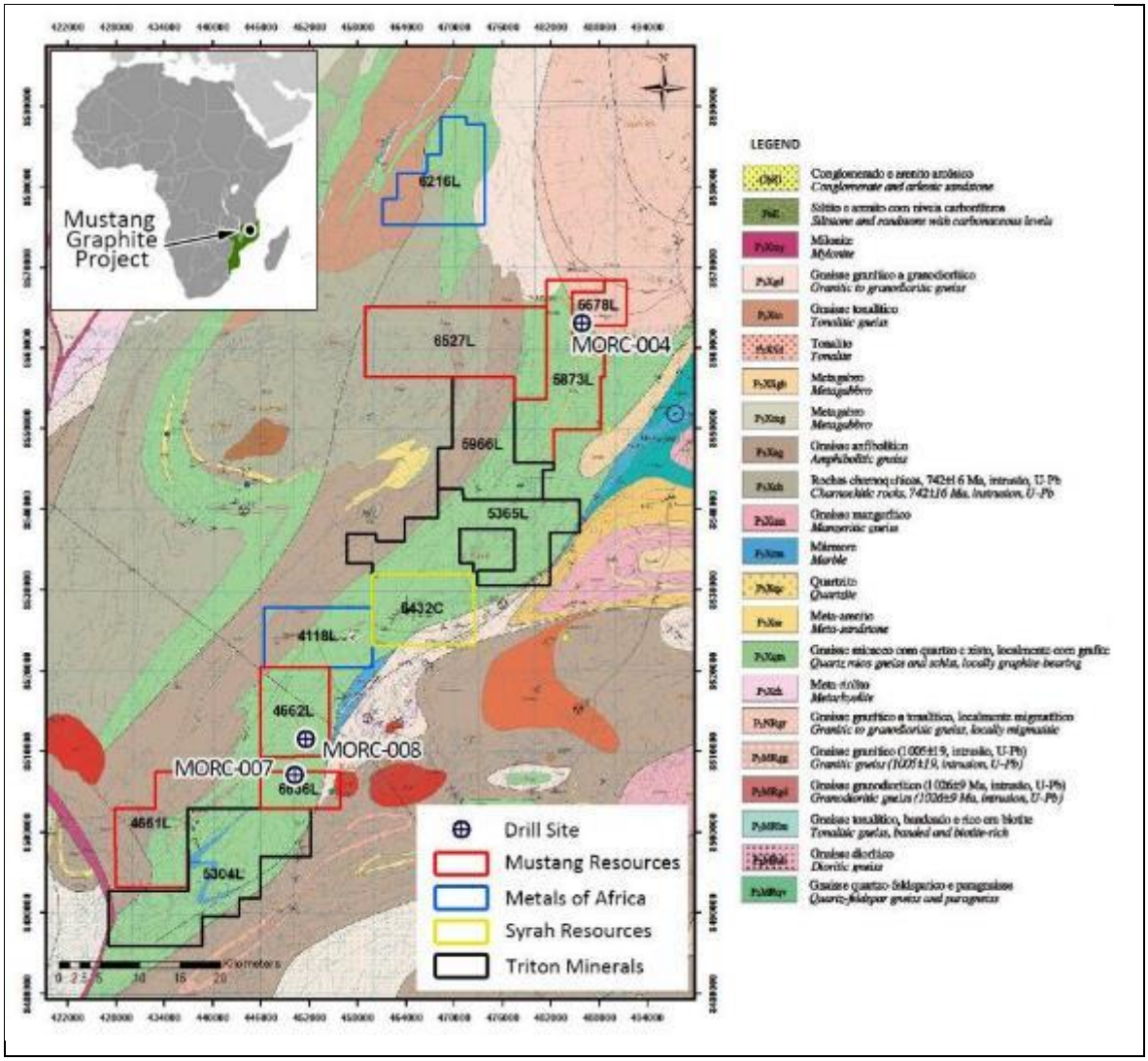

Figure 1. Mustang's Balama Graphite Project, regional geological map depicting the graphitic schist strike through the exploration concessions

To date, a total of 789m of RC drilling and 596m of diamond drilling has been completed on Mustang's concessions, with significant graphitic mineralisation intersections recorded. Furthermore, field assessment of the graphite grade has highlighted a number of visually high grade, large-flake size zones of interest, with Mustang currently awaiting confirmation from pending laboratory results.

"Caula Project" (License 6678L; Mustang 80% Interest)

A total of five diamond drill holes have been completed to date on the Caula Project on License 6678L within the tight closed anticline hinge identified by the SkyTEM data (see Figures 2 and 3).

The recent diamond holes drilled have intersected significant intervals of graphite including borehole MODD001 with a 45m graphitic-zone along trajectory between 9m a 54m. MODD002 contains graphite mineralisation between 19m and 47m along the drill trajectory. MODD003 contains graphite mineralisation between 81m and 158m along the drill trajectory. MODD004 contains graphite mineralisation between 15m and 49m and between 57m and 96m along the drill trajectory. MODD005 contains graphite mineralisation between 14m and 20m; between 24m and 32m and between 44m and 100m along the drill trajectory. MMODD007 contains graphite mineralisation between 9m and 50m along the drill trajectory. MMODD008 contains graphite mineralisation between 11m and 41m along the drill trajectory.

The concentrated diamond drilling completed on 6678L and its high ranking in the Mustang license portfolio is due to an increase in the average Total Graphite Carbon (TGC) moving from the southern region in 5873L up to 6678L, from 5.54% to 10.69% TGC respectively as seen in Figure 2.

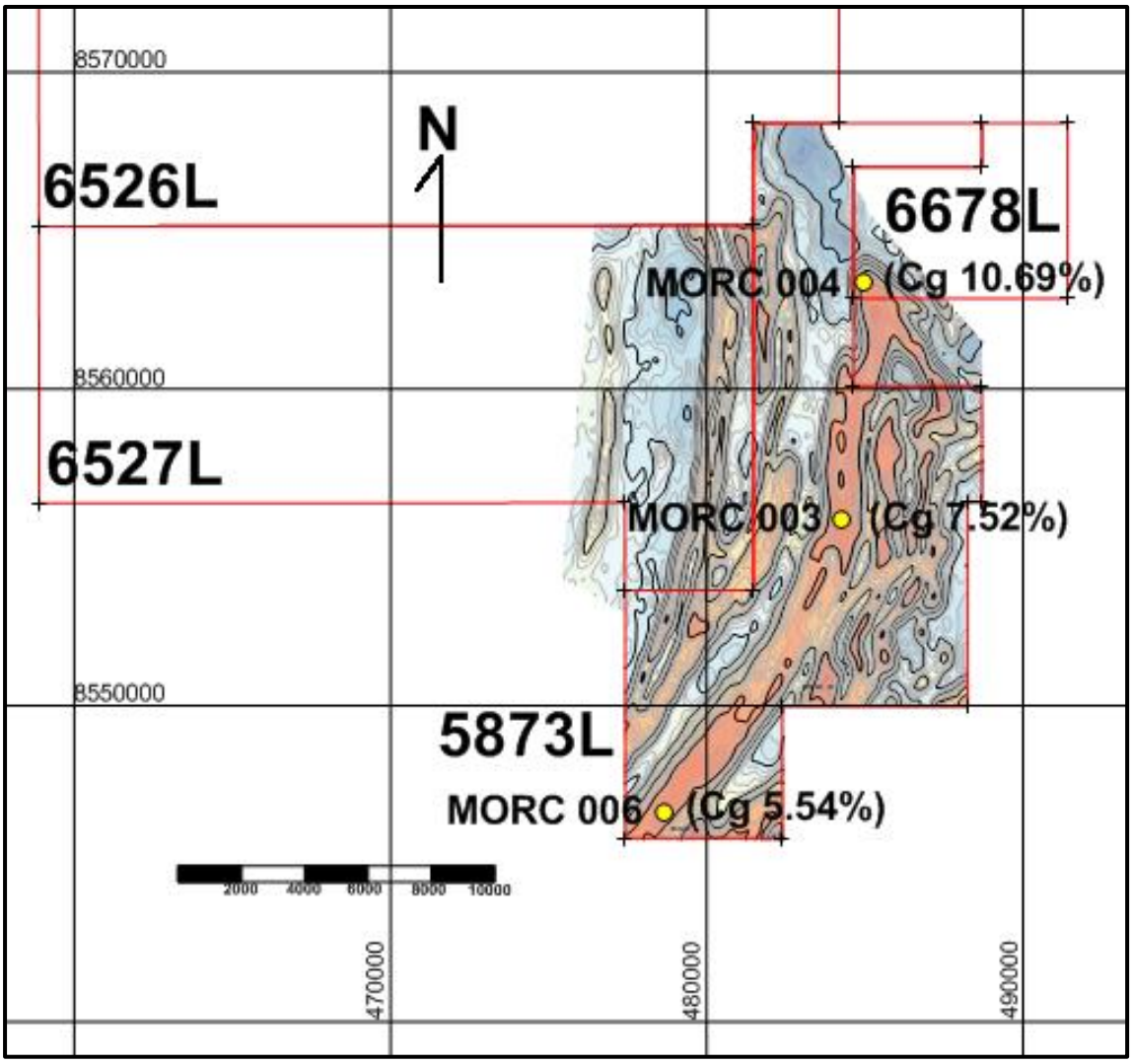

Figure 2. Average TGC gradually increases from MORC 006 to MORC 003 to the highest percent in MORC 004

Based on the sampling completed on the RC samples in 2015, drill hole MORC004 on license 6678L has an average of 11.99% (with a 3% TGC cut-off) within a 67m mineralised graphitic mineralisation zone (down-hole width). A total of 23 samples returned results above 15% TGC (**Table 1**).

The graphite mineralisation is shallow with high grades close to the surface including 8.16% TGC at 1m from surface, 17.4% TGC at 11.6m from surface and 18.6% TGC at 35m. The highest TGC value recorded for this hole is 22% TGC at 45m below surface.

Mustang is highly encouraged by the structural geology of the Caula Project. The steeply dipping hinge zone in the northern part of 6678L displayed larger flake sizes in the recovered core. The structural environment (hinge zone) may have had an influence on flake size and the graphite flake concentration and size is to be confirmed by laboratory test-work.

Table 1. Summarised results from MORC 004

Drill Name	Coordinates - Zone 37 Easting	Northing	Concession Number	
MORC-004	484939	8563344	6678L	
Highest TGC - 47m		22.00%	Average TGC mineralised zones	10.69%
Mineralised zones		**Downhole Interval**	**Average TGC**	**Highest TGC%**
4m - 7m		3m	5.51%	8.16%
8m - 17m		9m	6.05%	17.40%
22m - 78m		56m	12.40%	22.00%
87m - 93m		6m	11.40%	18.80%

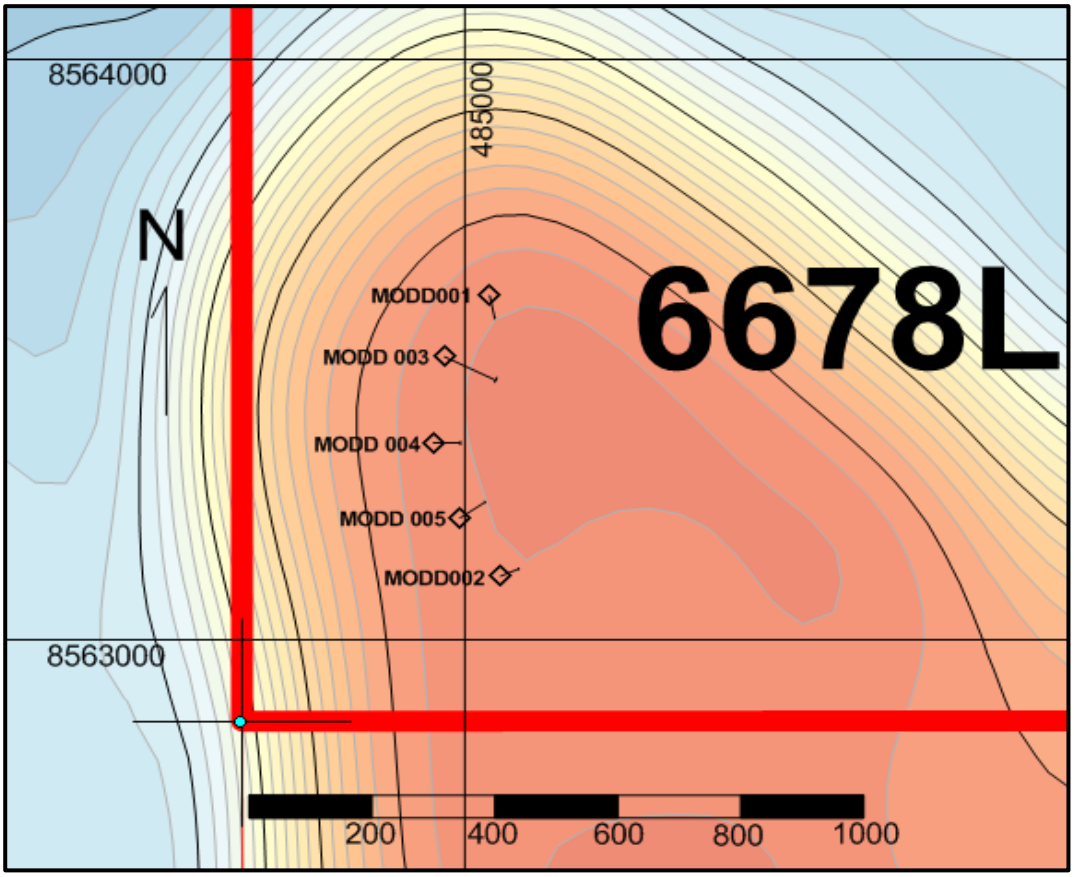

Figure 3. Placement of October-November 2016 Diamond Drillholes; MODD 001, MODD 002, MODD 003, MODD 004 and MODD 005.

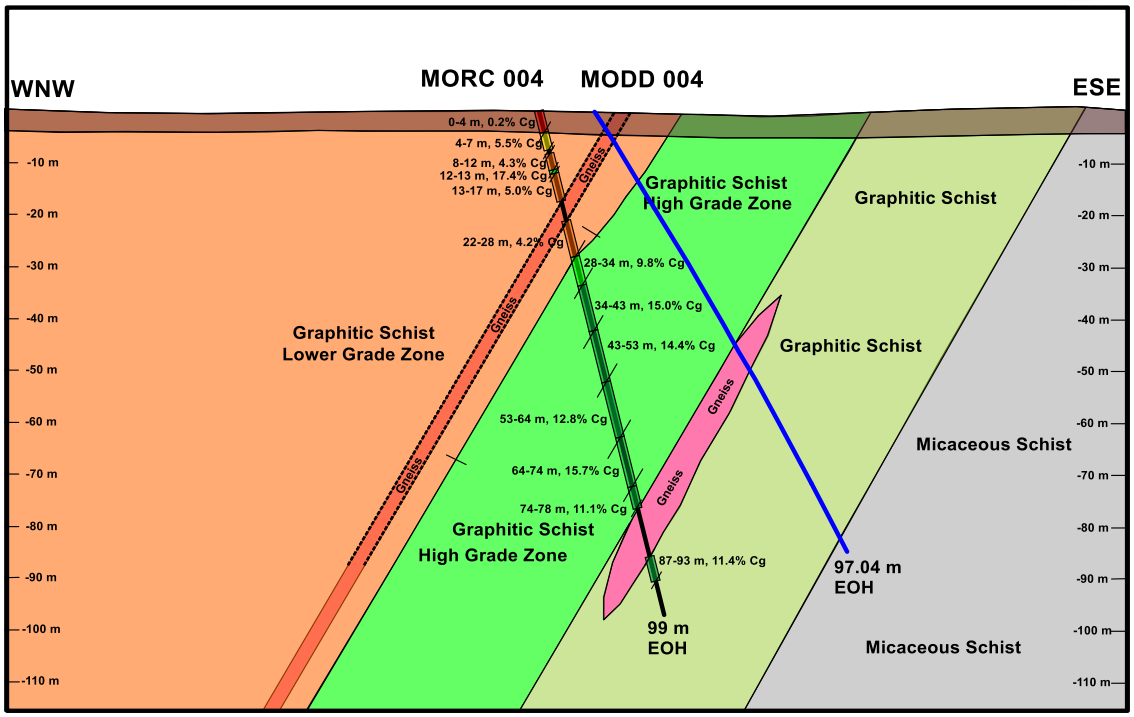

Figure 4. MODD 004 cloned 10.73m from MORC 004

Figure 5. Graphite sample from MODD 004. (i.) Box 22 from 90.20m bottom left to 94m top right; (ii.) graphite at 93m looking down the core; (iii.) quartered graphitic schist at 93m to 93.54m

License 6636L ("Balama South Project")

MORC007 has one diamond drill hole cloned, MODD007. Based on the sampling completed on the RC samples in 2015, drill-hole MORC007 on 6636L, has an average of 7.47% TGC within a 26m strong graphitic mineralisation zone (down-hole width).

Graphite mineralisation is shallow with high grades close to the surface, including the highest TGC value recorded for this hole being 18.8% TGC at 63m below surface (Table 2).

Table 2. Summarised results from MORC 007

Drill Name	Coordinates - Zone 37 Easting	Northing	Concession Number	
MORC-007	452240	8505362	6636L	
Highest TGC - 18m		15.70%	Average TGC mineralised zones	7.47%
Mineralised zones		**Downhole Interval**	**Average TGC**	**Highest TGC%**
0m - 20m		20m	8.42%	15.70%
21m - 30m		9m	7.15%	12.60%
35m - 42m		7m	4.73%	6.97%

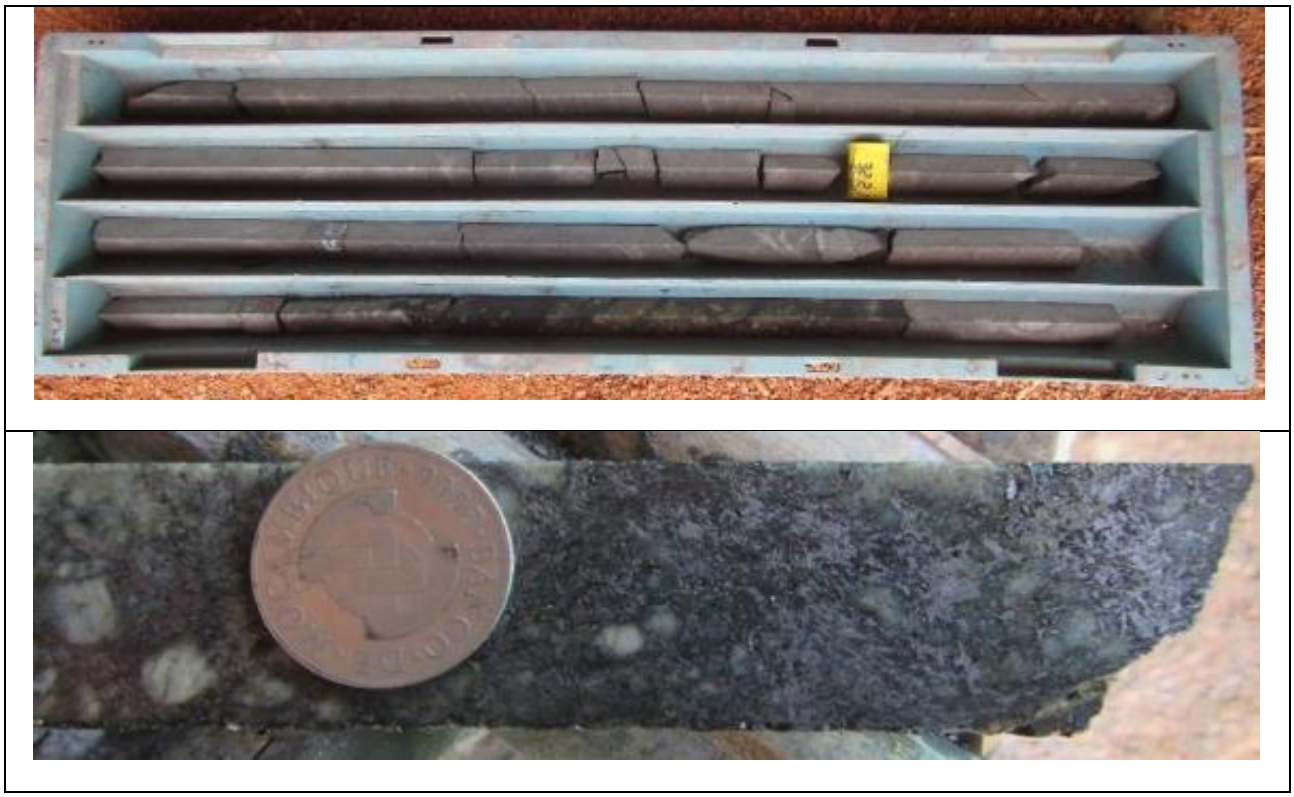

Figure 6. Graphite sample from MODD 007. (i.) Box 7 from 29.80m bottom left to 33.50m top right; (ii.) quartered graphitic schist at 32.21m indicating graphite flakes

License 4662L ("Balama South Project")

MORC008 has had one diamond drill hole cloned - MODD008. Based on the sampling completed on the RC samples in 2015, drill hole MORC008 on 4662L, has an average of 7.02% TGC within a 74m strong graphitic mineralisation zone (downhole width). Graphite mineralisation is shallow with high grades close to the surface, including 10% TGC at 4m from surface, 16.5% TGC at 29m from surface, 18.2%TGC at 61m and the highest TGC value recorded for this hole being 18.8% TGC at 63m below surface (Table 3).

Table 3. Summarised results from MORC 008

Drill Name	Coordinates - Zone 37 Easting	Northing	Concession Number	
MORC-008	451450	8511181	4662L	
Highest TGC - 63m		18.80%	Average TGC mineralised zones	7.02%
Mineralised zones		**Downhole Interval**	**Average TGC**	**Highest TGC%**
0m - 74m		74m	7.02%	18.80%

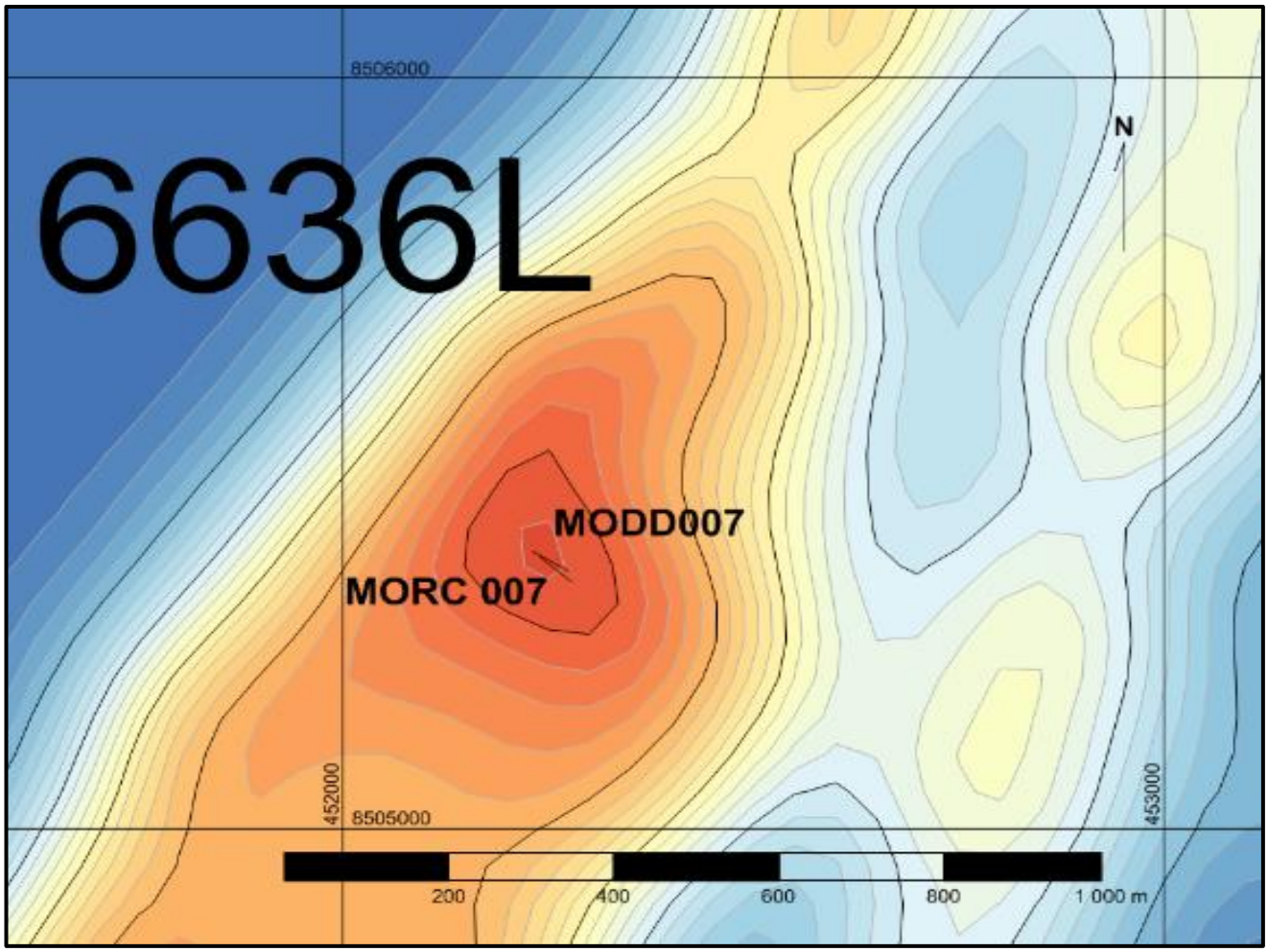

Figure 7. Placement of MORC007on 6636L, cloned hole MODD007 10.9m away from one another

Further Laboratory Analysis

The graphite samples are currently in transit to the accredited laboratory where processing to confirm the total graphitic content, flake-size distribution and metallurgical properties will be completed. The Company will update shareholders with the laboratory analysis as soon as the results have been received.

Management Commentary

Mustang's Managing Director, Christiaan Jordaan, said the Balama Project represents an attractive opportunity for the Company to realise value from a potentially significant emerging deposit in a world-class graphite district without compromising its focus on the Montepuez Ruby Project.

"Whilst the emerging production and cash-flow opportunity at Montepuez remains our core focus, the Balama Project cannot be ignored given its strategic location, the quality and grade of the mineralisation identified to date, and the significant emerging opportunity in the graphite market.

"We are very encouraged by the excellent results received from Balama to date, where diamond drilling completed towards the end of last year has identified thick zones of high quality graphite mineralisation directly along strike from the world's premier graphite development project, owned by Syrah Resources.

"We are looking forward to the results of laboratory analysis and metallurgical testwork, which will help us to properly evaluate the commercial potential of this asset and calculate a maiden JORC Mineral Resource. That in turn will enable us to progress discussions with potential partners and other parties interested in becoming involved in this project.

"The transformational growth in the lithium-ion battery sector – driven by the electric vehicle sector and off-grid renewable energy applications – will help to drive the growth of new supply projects in both the lithium and graphite sectors, and we hope to benefit from these opportunities."

For and on behalf of the Company.

Christiaan Jordaan
Managing Director

FOR FURTHER INFORMATION PLEASE CONTACT:

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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:

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.

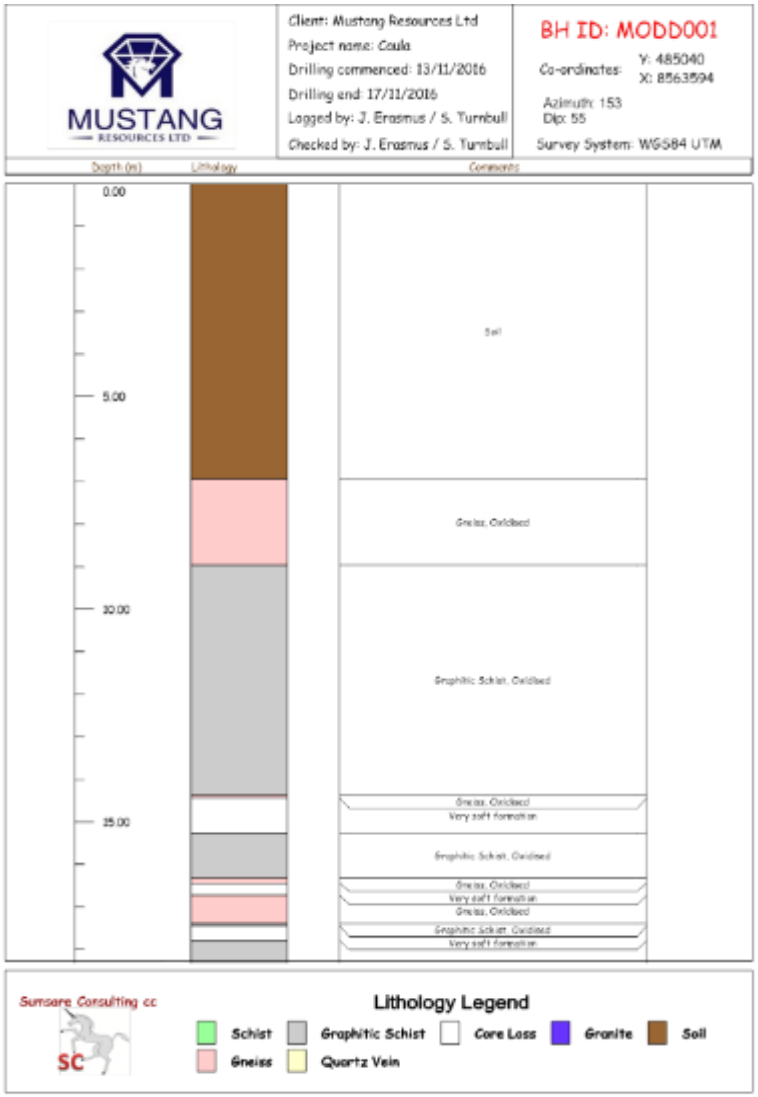
APPENDIX 1 – DRILLHOLE SUMMARY TABLE

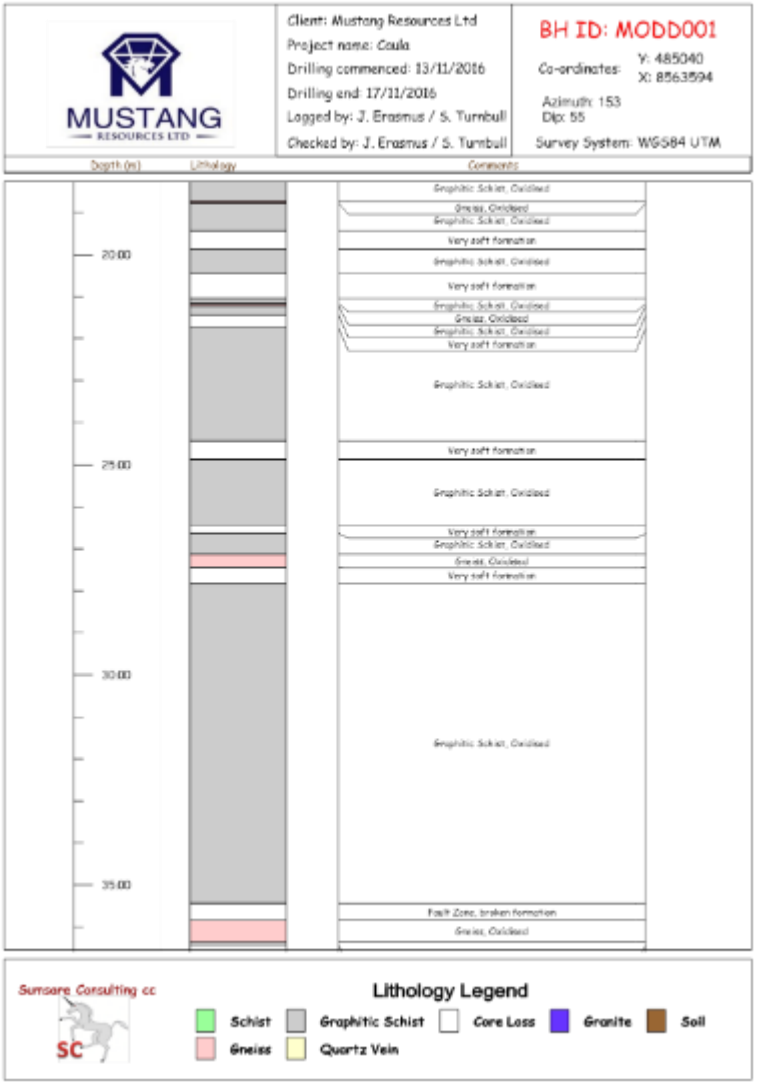
RC drillholes drilled to date as part of the 2015 maiden drill program

Drill Name	Coordinates - Zone 37		Concession Number	Down Hole Survey Results			
	Easting	Northing		Depth	AZIM	INC	MAG
MORC-001	479623	8546100	5873L	103m	159,1	69,8	36027
	13° 09' 05.5''	38° 48' 43.1''					
MORC-002	483870	8550568	5873L	91m	145,4	74,8	35644
	13° 06' 40.1''	38° 51' 04.3''					
MORC-003	484292	8555877	5873L	76m	83,8	76,4	34880
	13° 03' 47.3''	38° 51' 18.4''					
MORC-004	484939	8563344	6678L	99m	114,4	76,3	35298
	12° 59' 44.2''	38° 51' 40.0''					
MORC-006	478661	8546651	5873L	105m	139,6	70,4	36585
	13° 08' 47.5''	38° 48' 11.2''					
MORC-007	452240	8505362	6636	61m	137,4	67,4	35140
	13° 31' 10.5''	38° 33' 31.1''					
MORC-008	451450	8511181	4662L	85m	176,7	79,7	35069
	13° 28' 01.0''	38° 33' 05.2''					

RC drillholes drilled in October 2014 – refer to ASX announcement dated 10 June 2015 for additional information pertaining to these two drillholes

BHID	UTM East	UTM North	mRL	Azimuth	Dip	Depth	Hole Type	License No.
RC001	484791	8551728		120	-60	60	RC	5873L
RC002	479332	8554960		120	-60	50	RC	6527L


MUSTANG
RESOURCES LTD
Client: Mustang Resources Ltd
Project name: Caula
Drilling commenced: 13/11/2016
Drilling end: 17/11/2016
Logged by: J. Erasmus / S. Turnbull
Checked by: J. Erasmus / S. Turnbull
BH ID: MODD001
Co-ordinates: Y: 485040 X: 8563594
Azimuth: 153
Dip: 55
Survey System: WGS84 UTM
Depth (m)
Lithology
Comments
0.00
5.00
10.00
15.00
Soil
Gneiss, Oxidised
Graphitic Schist, Oxidised
Very soft formation
Sunsare Consulting cc
SC
Lithology Legend
Schist
Graphitic Schist
Core Loss
Granite
Soil
Gneiss
Quartz Vein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RESOURCES LTD
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Project name: Caula
Drilling commenced: 13/11/2016
Drilling end: 17/11/2016
Logged by: J. Erasmus / S. Turnbull
Checked by: J. Erasmus / S. Turnbull
BH ID: MODD001
Co-ordinates: Y: 485040 X: 8563594
Azimuth: 153
Dip: 55
Survey System: WGS84 UTM
Depth (m)
Lithology
Comments
20.00
25.00
30.00
35.00
Graphitic Schist, Oxidised
Gneiss, Oxidised
Very soft formation
Fault Zone, broken formation
Sunsare Consulting cc
SC
Lithology Legend
Schist
Graphitic Schist
Core Loss
Granite
Soil
Gneiss
Quartz Vein

MUSTANG RESOURCES LTD

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Co-ordinates: Y: 485040 X: 8563594
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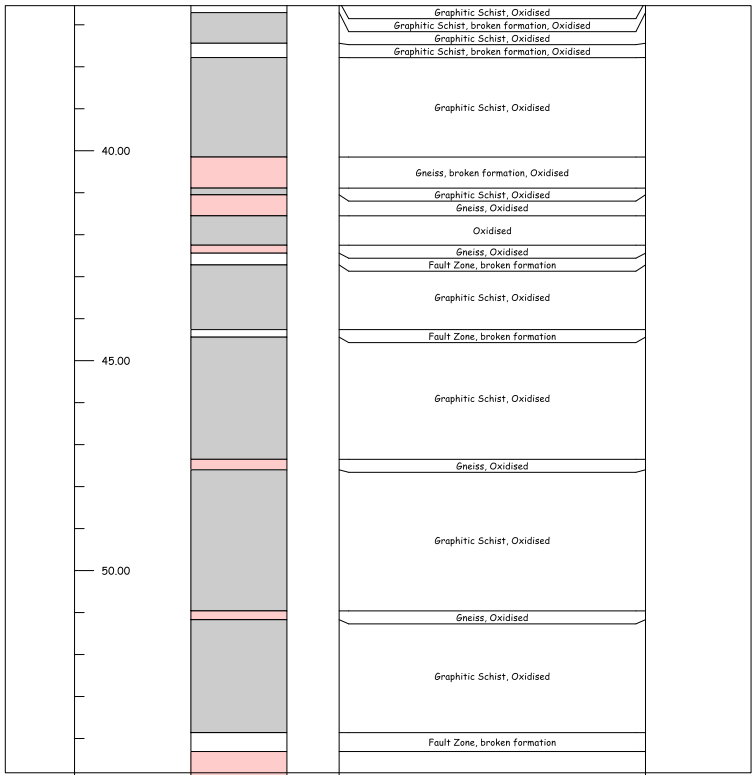

Sumsare Consulting cc

Lithology Legend

Schist | Graphitic Schist | Core Loss | Granite | Soil
Gneiss | Quartz Vein

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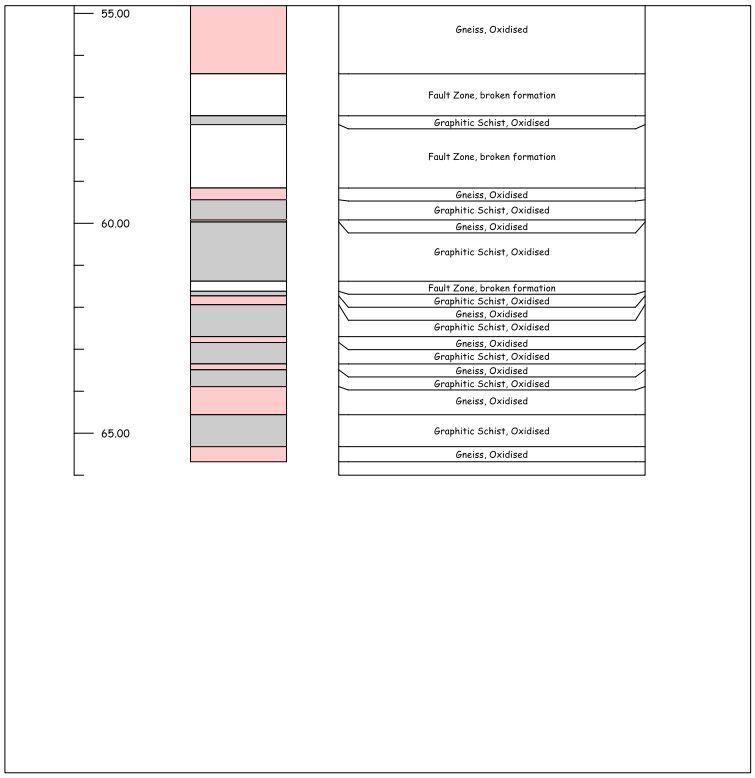
Dip: 55
Survey System: WGS84 UTM



Sumsare Consulting cc

Lithology Legend

Schist | Graphitic Schist | Core Loss | Granite | Soil
Gneiss | Quartz Vein

MUSTANG RESOURCES LTD

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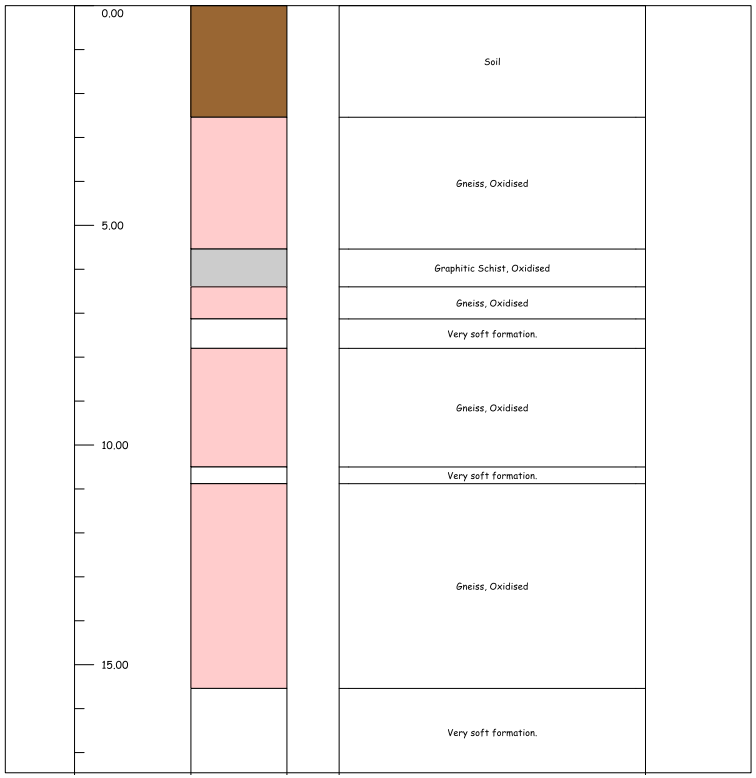
Client: Mustang Resources Ltd
Project name: Caula
Drilling commenced: 18/11/2016
Drilling end: 24/11/2016
Logged by: J. Erasmus / S. Turnbull
Checked by: J. Erasmus / S. Turnbull

BH ID: MODD002

Co-ordinates: X: 485057 Y: 8563110
Azimuth: 43
Dip: 55

Survey System: WGS84 UTM



Sumsare Consulting cc

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Schist | Graphitic Schist | Core Loss | Granite | Soil
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Co-ordinates: X: 485057 Y: 8563110
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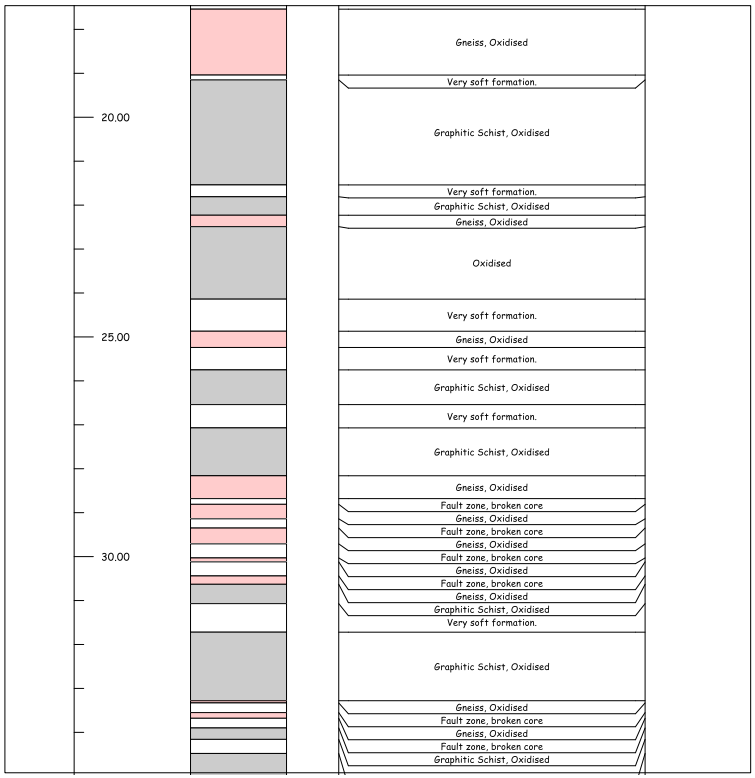

Sumsare Consulting cc

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Schist | Graphitic Schist | Core Loss | Granite | Soil
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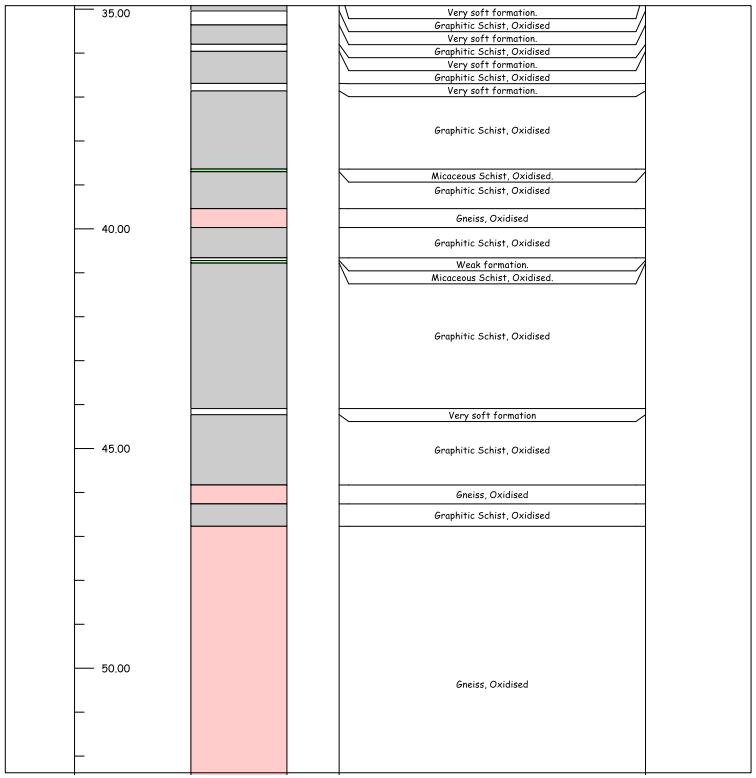

Sumsare Consulting cc

Lithology Legend

Schist | Graphitic Schist | Core Loss | Granite | Soil
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BH ID: MODD002
Co-ordinates: X: 485057 Y: 8563110
Azimuth: 43
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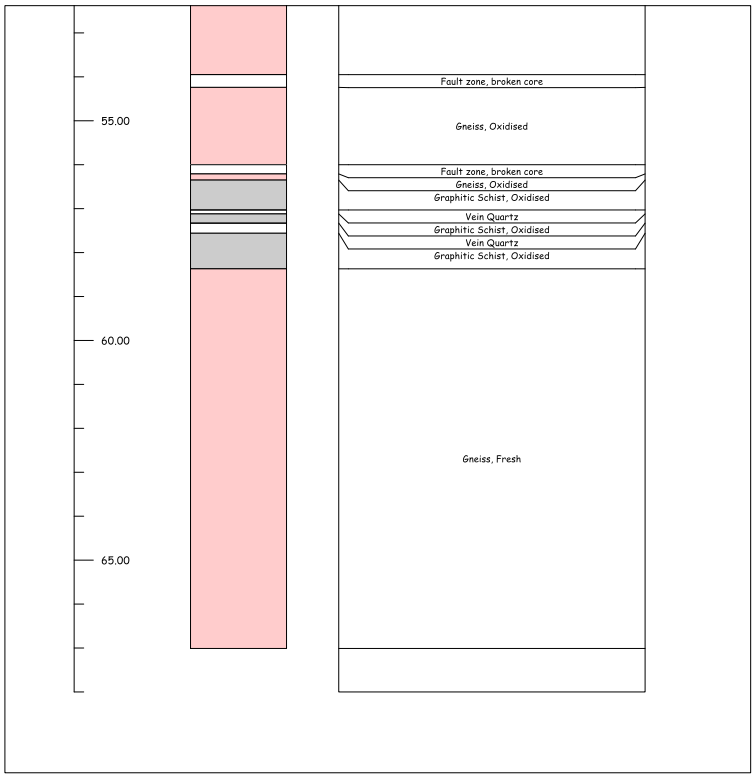

Sumsare Consulting cc

Lithology Legend

Schist | Graphitic Schist | Core Loss | Granite | Soil
Gneiss | Quartz Vein

MUSTANG RESOURCES LTD

Client: Mustang Resources Ltd
Project name: Caula
Drilling commenced: 02/11/2016
Drilling end: 12/11/2016
Logged by: J. Erasmus / S. Turnbull
Checked by: J. Erasmus / S. Turnbull

BH ID: MODD003
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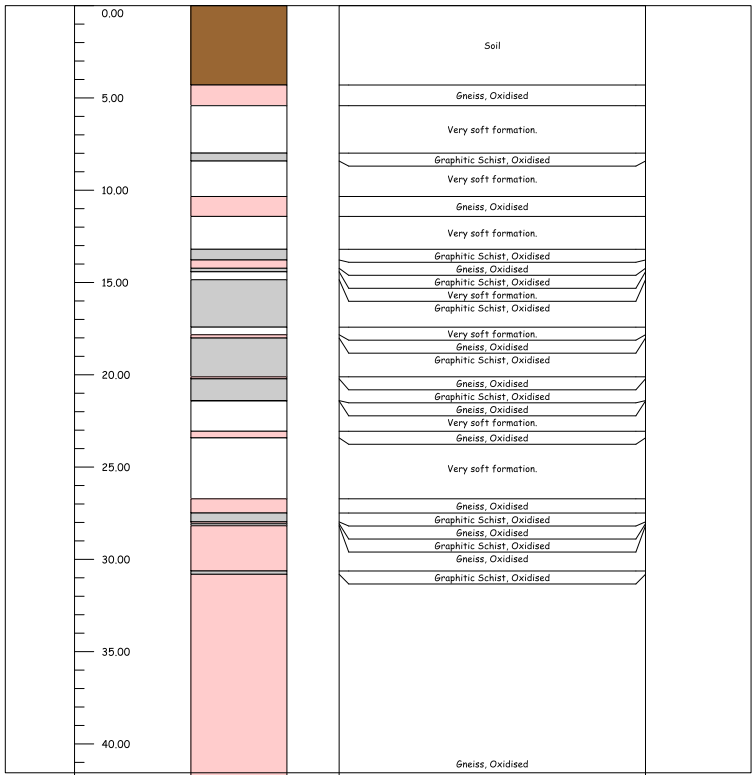
Azimuth: 115
Dip: 55
Survey System: WGS84 UTM



Sumsare Consulting cc

Lithology Legend

Schist | Graphitic Schist | Core Loss | Granite | Soil
Gneiss | Quartz Vein

MUSTANG RESOURCES LTD

Client: Mustang Resources Ltd
Project name: Caula
Drilling commenced: 02/11/2016
Drilling end: 12/11/2016
Logged by: J. Erasmus / S. Turnbull
Checked by: J. Erasmus / S. Turnbull

BH ID: MODD003
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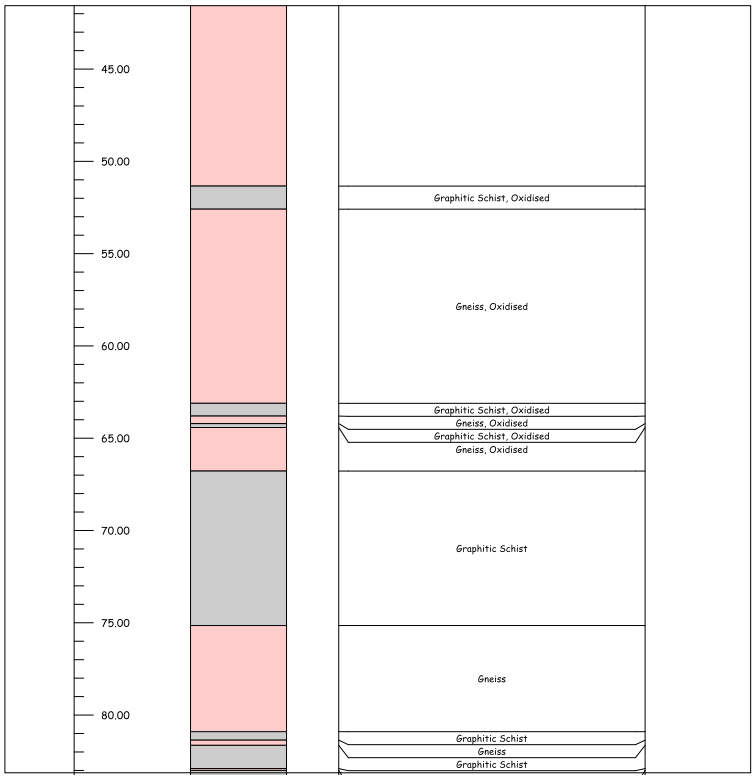

Sumsare Consulting cc

Lithology Legend

Schist | Graphitic Schist | Core Loss | Granite | Soil
Gneiss | Quartz Vein

MUSTANG RESOURCES LTD

Client: Mustang Resources Ltd
Project name: Caula
Drilling commenced: 02/11/2016
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Logged by: J. Erasmus / S. Turnbull
Checked by: J. Erasmus / S. Turnbull

BH ID: MODD003
Co-ordinates: X: 484966 Y: 8563488
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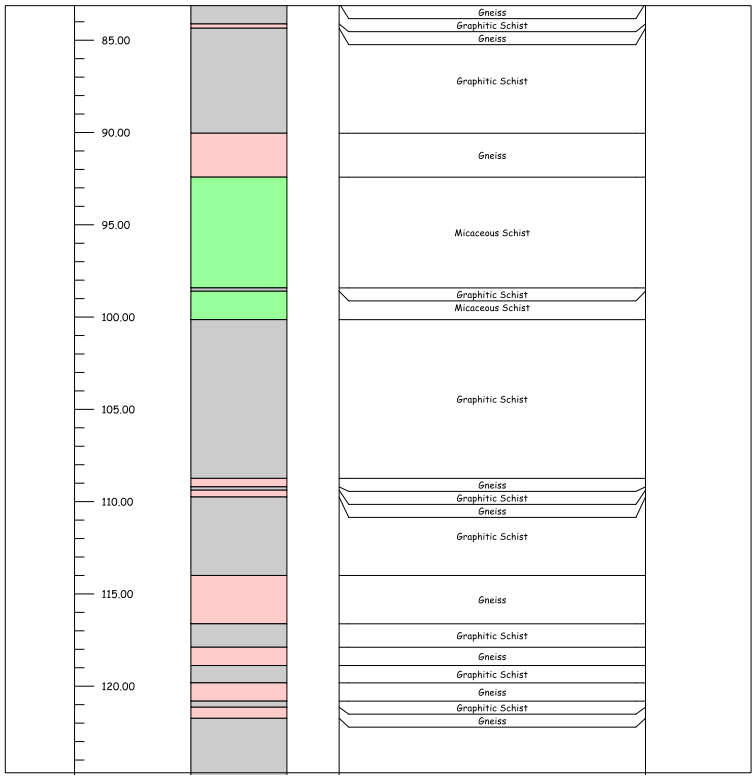
Survey System: WGS84 UTM



Sumsare Consulting cc

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Gneiss | Quartz Vein

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Checked by: J. Erasmus / S. Turnbull

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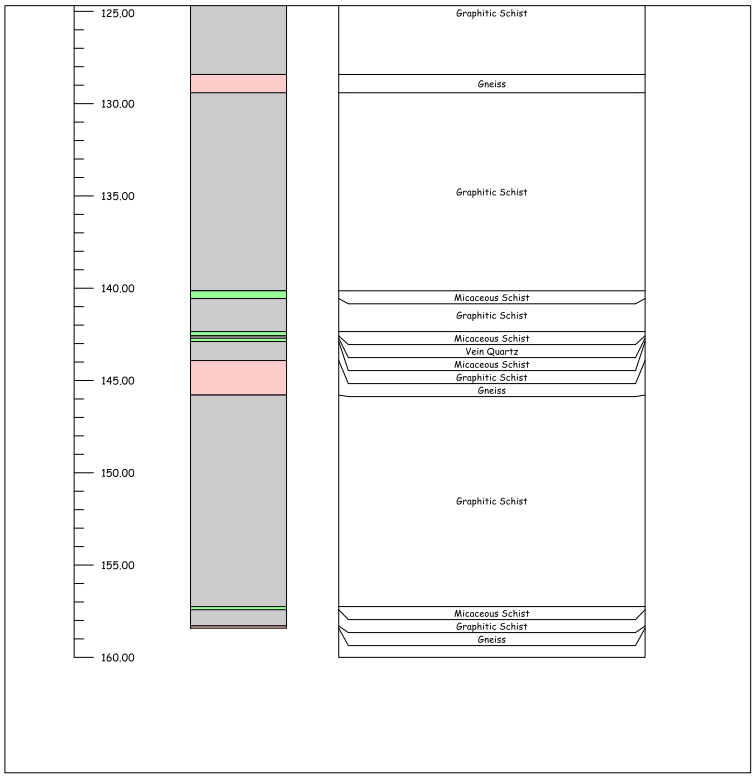
Dip: 55
Survey System: WGS84 UTM



Sumsare Consulting cc

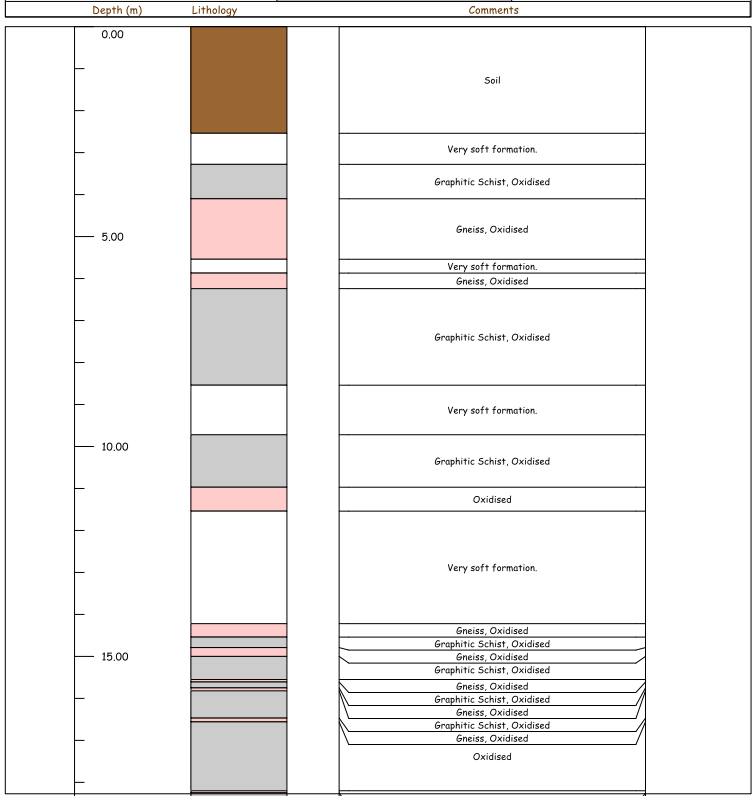
Lithology Legend

Schist | Graphitic Schist | Core Loss | Granite | Soil
Gneiss | Quartz Vein

MUSTANG RESOURCES LTD

Client: Mustang Resources Ltd
Project name: Caula
Drilling commenced: 18/10/2016
Drilling end: 25/10/2016
Logged by: J. Erasmus / S. Turnbull
Checked by: J. Erasmus / S. Turnbull

BH ID: MODD004
Co-ordinates: X: 484949 Y: 8563339
Azimuth: 91
Dip: 60
Survey System: WGS84 UTM



Sumsare Consulting cc

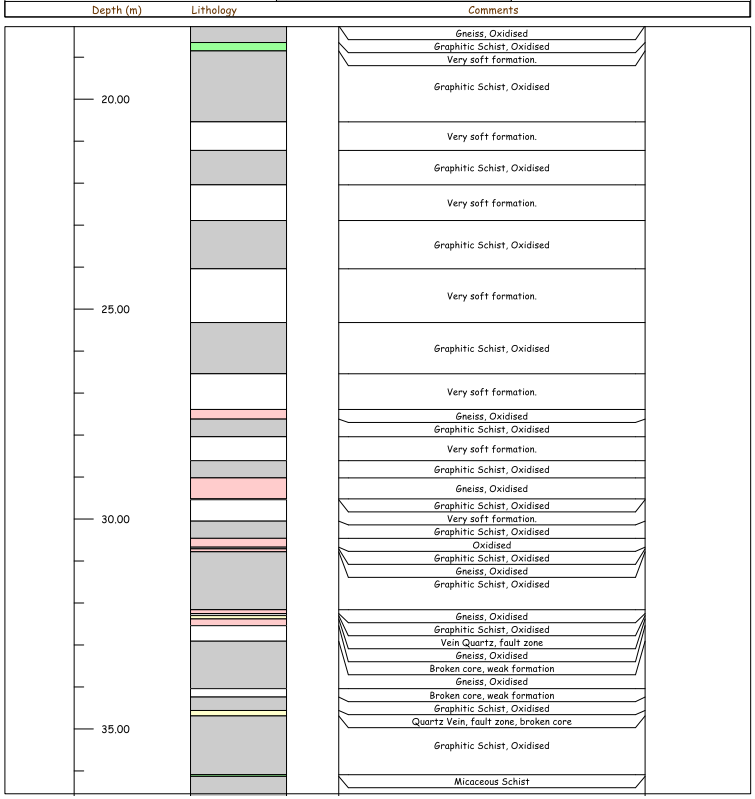
Lithology Legend

Schist | Graphitic Schist | Core Loss | Granite | Soil
Gneiss | Quartz Vein

MUSTANG RESOURCES LTD

Client: Mustang Resources Ltd
Project name: Caula
Drilling commenced: 18/10/2016
Drilling end: 25/10/2016
Logged by: J. Erasmus / S. Turnbull
Checked by: J. Erasmus / S. Turnbull

BH ID: MODD004
Co-ordinates: X: 484949 Y: 8563339
Azimuth: 91
Dip: 60
Survey System: WGS84 UTM

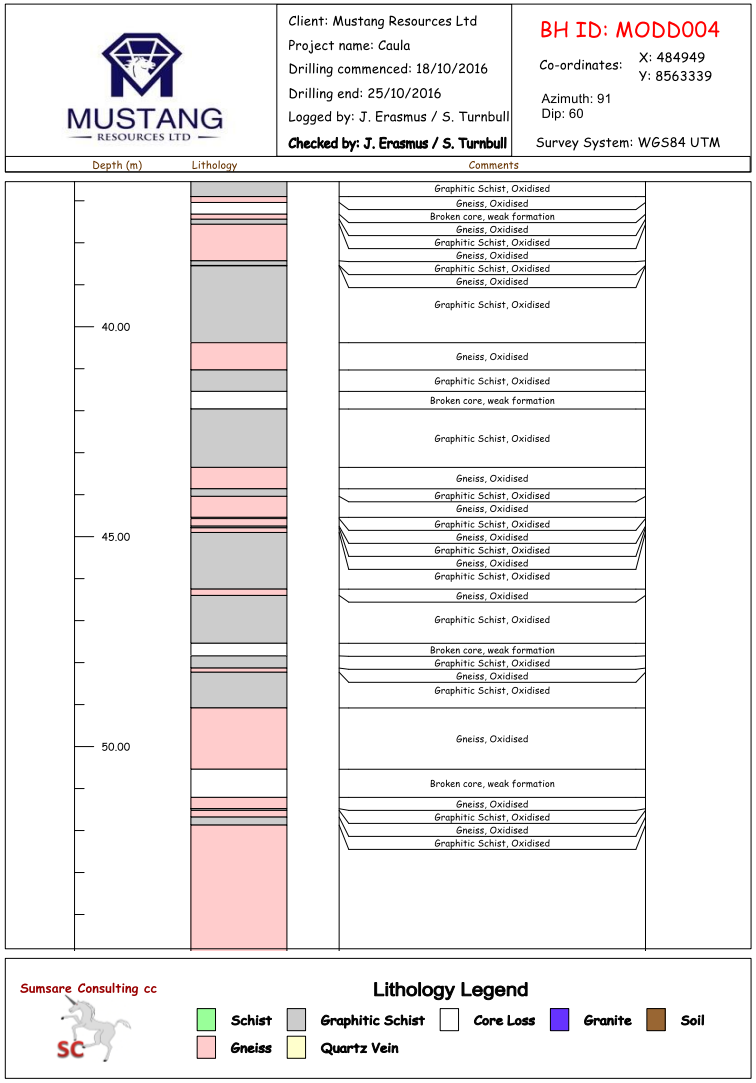


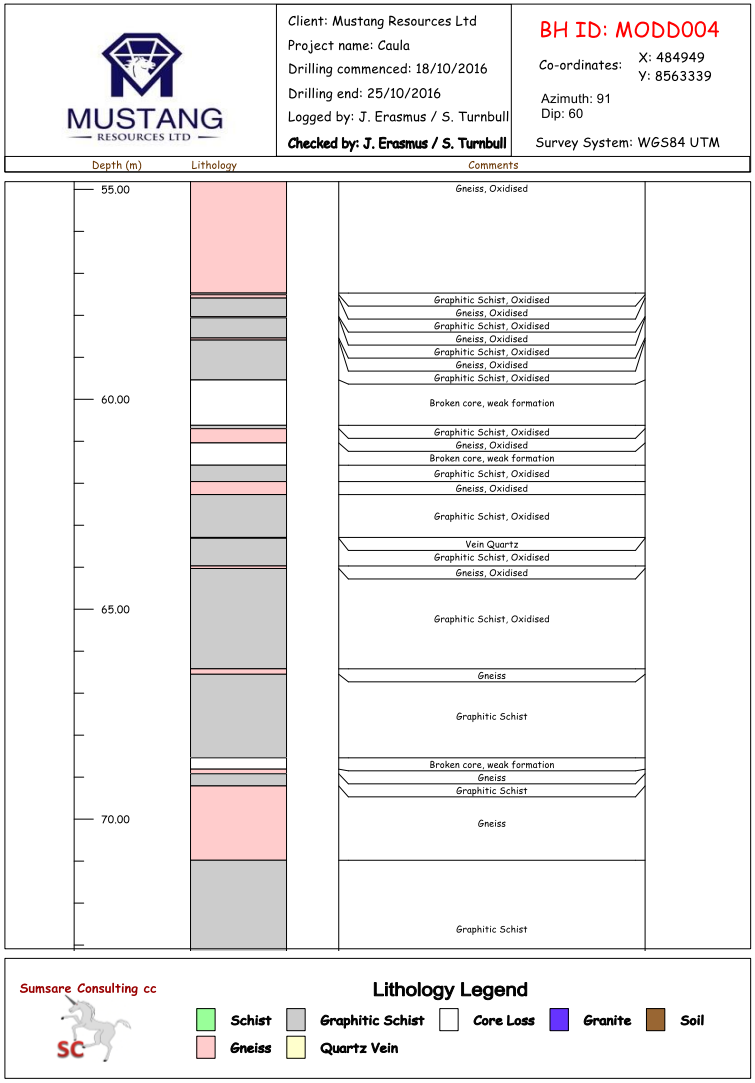
Sumsare Consulting cc

Lithology Legend

Schist | Graphitic Schist | Core Loss | Granite | Soil
Gneiss | Quartz Vein

MUSTANG RESOURCES LTD

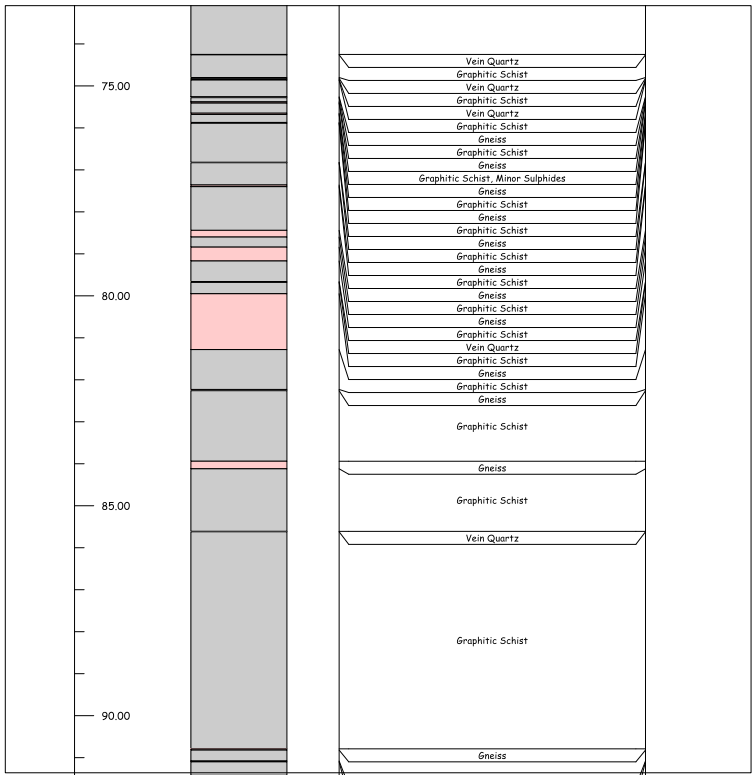




MUSTANG RESOURCES LTD

Client: Mustang Resources Ltd
Project name: Caula
Drilling commenced: 18/10/2016
Drilling end: 25/10/2016
Logged by: J. Erasmus / S. Turnbull
Checked by: J. Erasmus / S. Turnbull

BH ID: MODD004
Co-ordinates: X: 484949 Y: 8563339
Azimuth: 91
Dip: 60
Survey System: WGS84 UTM



Sumsare Consulting cc

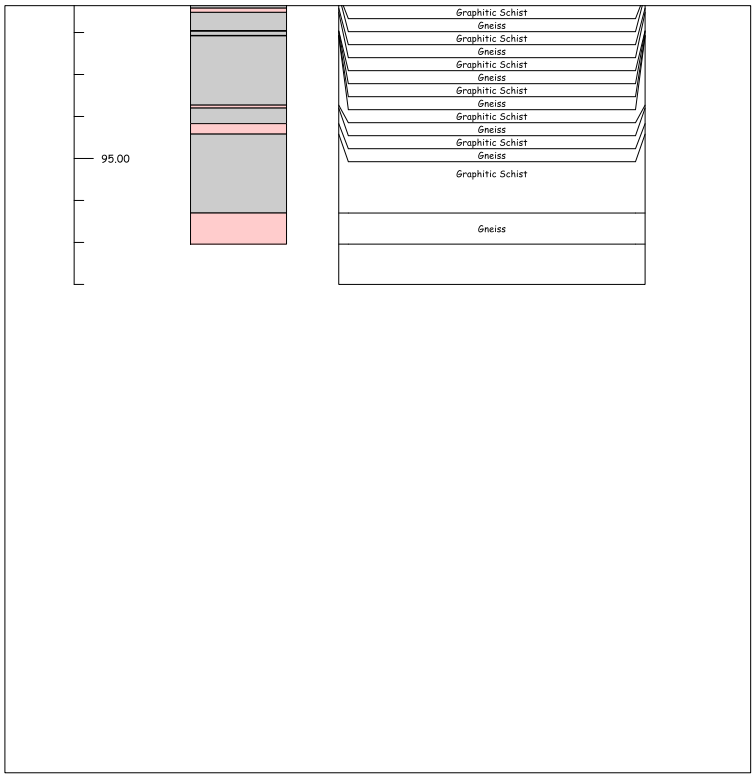
Lithology Legend

Schist | Graphitic Schist | Core Loss | Granite | Soil
Gneiss | Quartz Vein

MUSTANG RESOURCES LTD

Client: Mustang Resources Ltd
Project name: Caula
Drilling commenced: 18/10/2016
Drilling end: 25/10/2016
Logged by: J. Erasmus / S. Turnbull
Checked by: J. Erasmus / S. Turnbull

BH ID: MODD004
Co-ordinates: X: 484949 Y: 8563339
Azimuth: 91
Dip: 60
Survey System: WGS84 UTM



Sumsare Consulting cc

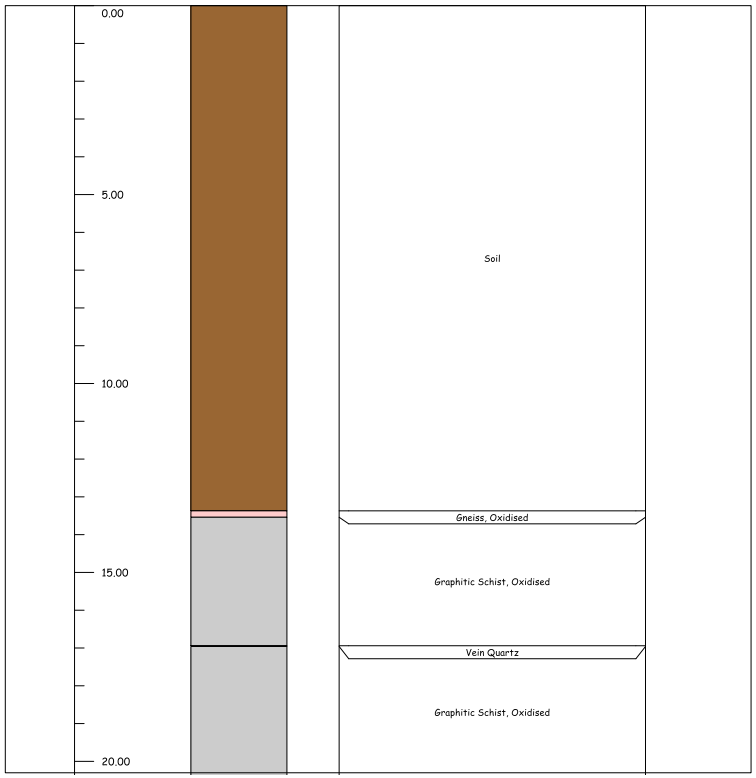
Lithology Legend

Schist | Graphitic Schist | Core Loss | Granite | Soil
Gneiss | Quartz Vein

MUSTANG RESOURCES LTD

Client: Mustang Resources Ltd
Project name: Caula
Drilling commenced: 26/10/2016
Drilling end: 01/11/2016
Logged by: J. Erasmus / S. Turnbull
Checked by: J. Erasmus / S. Turnbull

BH ID: MODD005
Co-ordinates: X: 484992 Y: 8563210
Azimuth: 57
Dip: 56
Survey System: WGS84 UTM



Sumsare Consulting cc

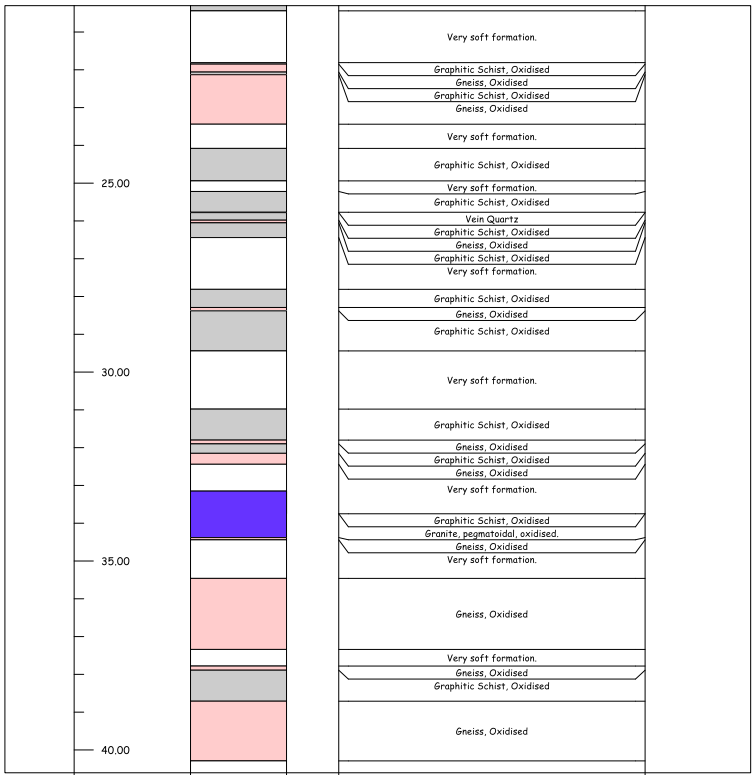
Lithology Legend

Schist | Graphitic Schist | Core Loss | Granite | Soil
Gneiss | Quartz Vein

MUSTANG RESOURCES LTD

Client: Mustang Resources Ltd
Project name: Caula
Drilling commenced: 26/10/2016
Drilling end: 01/11/2016
Logged by: J. Erasmus / S. Turnbull
Checked by: J. Erasmus / S. Turnbull

BH ID: MODD005
Co-ordinates: X: 484992 Y: 8563210
Azimuth: 57
Dip: 56
Survey System: WGS84 UTM



Sumsare Consulting cc

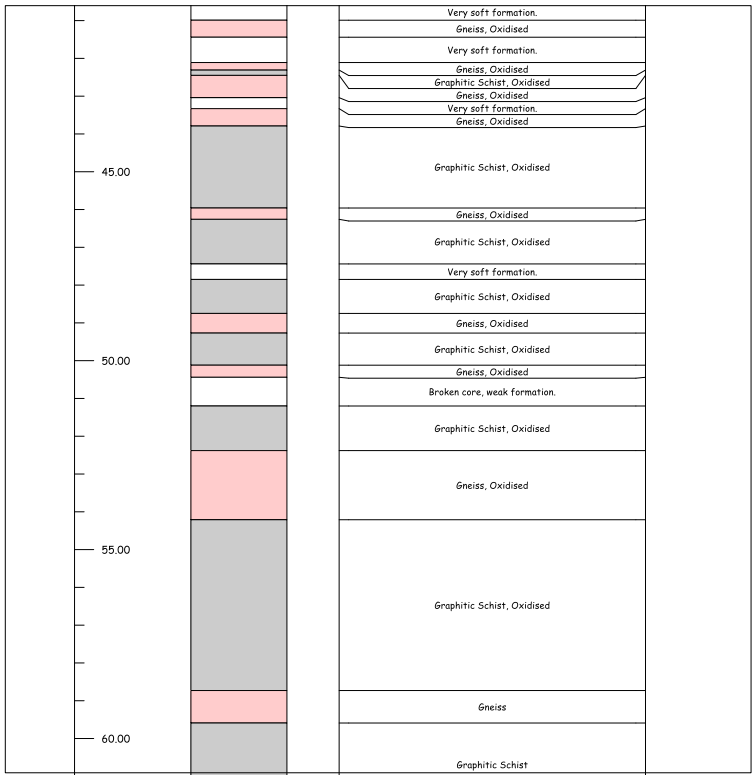
Lithology Legend

Schist | Graphitic Schist | Core Loss | Granite | Soil
Gneiss | Quartz Vein

MUSTANG RESOURCES LTD

Client: Mustang Resources Ltd
Project name: Caula
Drilling commenced: 26/10/2016
Drilling end: 01/11/2016
Logged by: J. Erasmus / S. Turnbull
Checked by: J. Erasmus / S. Turnbull

BH ID: MODD005
Co-ordinates: X: 484992 Y: 8563210
Azimuth: 57
Dip: 56
Survey System: WGS84 UTM



Sumsare Consulting cc

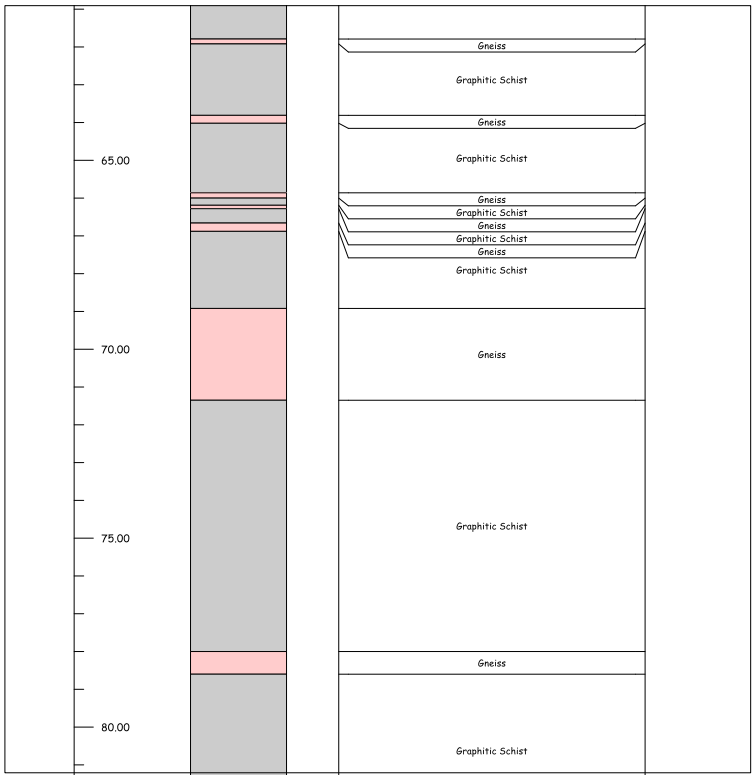
Lithology Legend

Schist | Graphitic Schist | Core Loss | Granite | Soil
Gneiss | Quartz Vein

MUSTANG RESOURCES LTD

Client: Mustang Resources Ltd
Project name: Caula
Drilling commenced: 26/10/2016
Drilling end: 01/11/2016
Logged by: J. Erasmus / S. Turnbull
Checked by: J. Erasmus / S. Turnbull

BH ID: MODD005
Co-ordinates: X: 484992 Y: 8563210
Azimuth: 57
Dip: 56
Survey System: WGS84 UTM



Sumsare Consulting cc

Lithology Legend

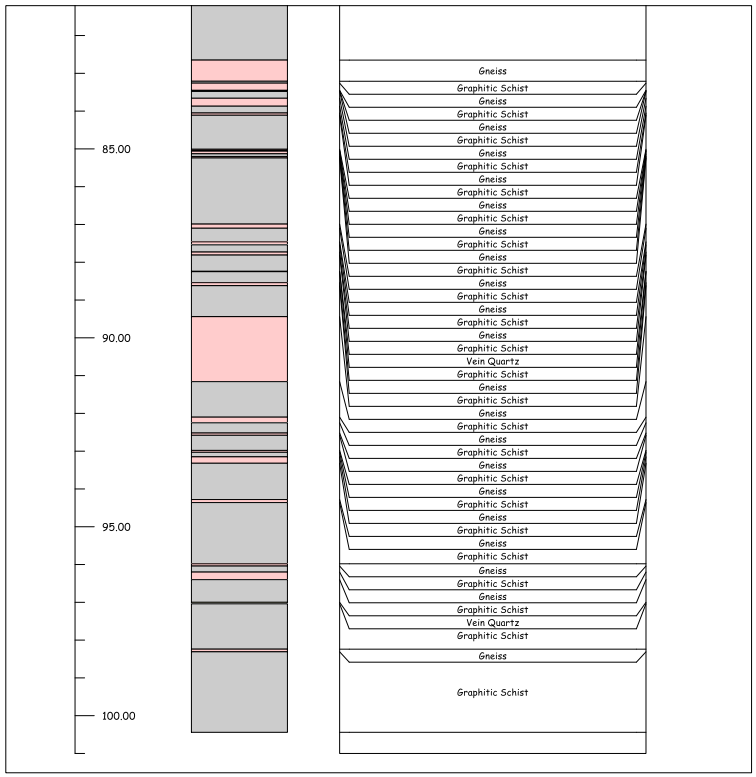
Schist | Graphitic Schist | Core Loss | Granite | Soil
Gneiss | Quartz Vein

MUSTANG RESOURCES LTD

MUSTANG RESOURCES LTD

Client: Mustang Resources Ltd
Project name: Caula
Drilling commenced: 26/10/2016
Drilling end: 01/11/2016
Logged by: J. Erasmus / S. Turnbull
Checked by: J. Erasmus / S. Turnbull

BH ID: MODD005
Co-ordinates: X: 484992 Y: 8563210
Azimuth: 57
Dip: 56
Survey System: WGS84 UTM

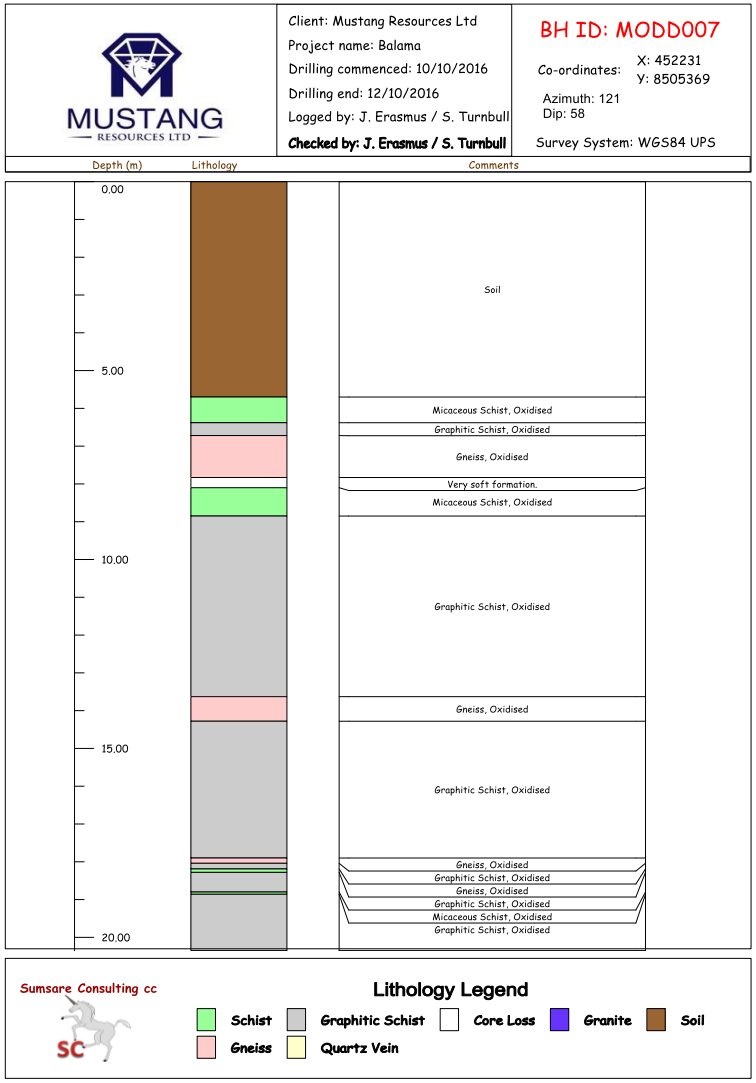


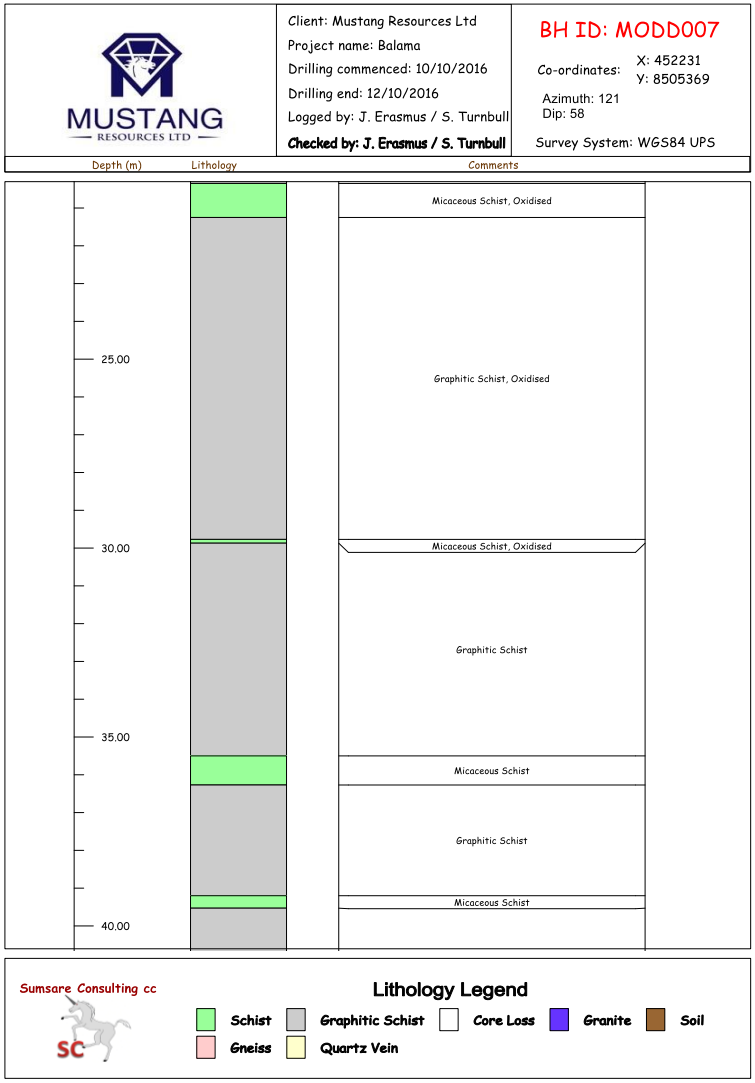
Sumsare Consulting cc

Lithology Legend

Schist | Graphitic Schist | Core Loss | Granite | Soil
Gneiss | Quartz Vein

MUSTANG RESOURCES LTD

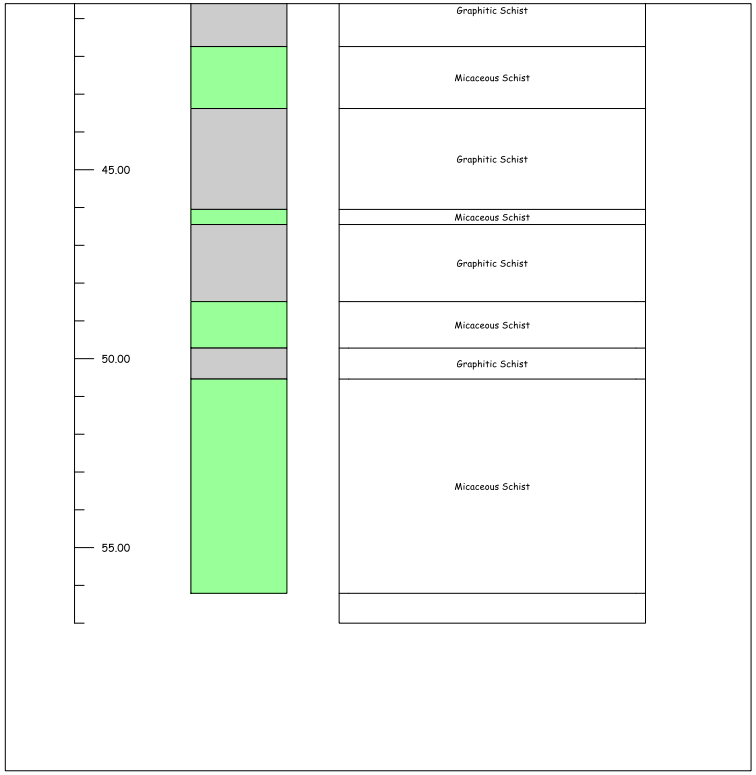




MUSTANG RESOURCES LTD

Client: Mustang Resources Ltd
Project name: Balama
Drilling commenced: 10/10/2016
Drilling end: 12/10/2016
Logged by: J. Erasmus / S. Turnbull
Checked by: J. Erasmus / S. Turnbull

BH ID: MODD007
Co-ordinates: X: 452231 Y: 8505369
Azimuth: 121
Dip: 58
Survey System: WGS84 UPS



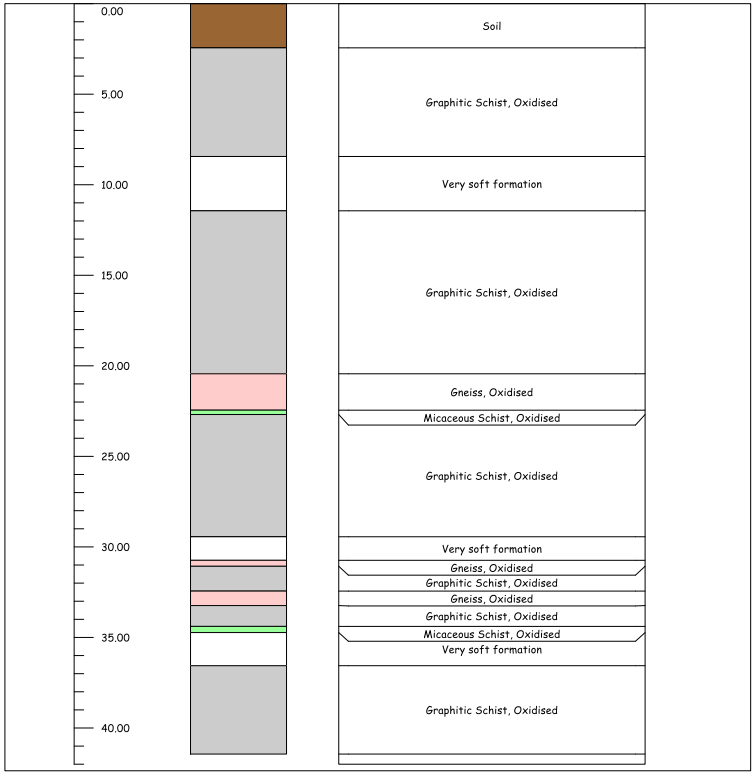
Sumsare Consulting cc

Lithology Legend
Schist | Graphitic Schist | Core Loss | Granite | Soil
Gneiss | Quartz Vein

MUSTANG RESOURCES LTD

Client: Mustang Resources Ltd
Project name: Balama
Drilling commenced: 13/10/2016
Drilling end: 15/10/2016
Logged by: J. Erasmus / S. Turnbull
Checked by: J. Erasmus / S. Turnbull

BH ID: MODD008
Co-ordinates: X: 451447 Y: 8511185
Azimuth: 89
Dip: 57
Survey System: WGS84 UTM



Sumsare Consulting cc

Lithology Legend
Schist | Graphitic Schist | Core Loss | Granite | Soil
Gneiss | Quartz Vein

JORC CODE, 2012 EDITION – TABLE 1 -

Appendix to Graphite Announcement – 30 November 2015

License No.	Area (Km^2)	Commodity	Issue Date	Valid Until	Interest/Right to Earn Interest
4661L	147.5	Graphite	11-09-2013	11-09-2018	60%
4662L	94.8	Graphite	01-10-2012	01-10-2017	60%
5873L*	137.8	Graphite	17-11-2014	17-11-2019	60% to 75%*
6636L	45.7	Graphite	16-07-2014	16-07-2019	75%
6678L	31.9	Graphite	18-03-2014	18-03-2019	80%
6363L	75.79	Graphite	18-11-2015	18-11-2020	90%
7560L	127.92	Graphite	21-06-2016	21-06-2021	95%

* Previous agreement cancelled and new agreement in final stage of negotiation & execution.

Section 1 sampling techniques and data.

Criteria	JORC Code Explanation	MUS Commentary
Sampling techniques	• *Nature and quality of sampling (eg cut channels, random chips, or specific specialised industry standard measurement tools appropriate to the minerals under investigation, such as down hole gamma sondes, or handheld XRF instruments, etc). These examples should not be taken as limiting the broad meaning of sampling.* • *Include reference to measures taken to ensure sample representivity and the appropriate calibration of any measurement tools or systems used.* • *Aspects of the determination of mineralisation that are Material to the Public Report. In cases where 'industry standard' work has been done this would be relatively simple (eg 'reverse circulation drilling was used to obtain 1 m samples from which 3 kg was pulverised to produce a 30 g charge for fire assay'). In other cases more explanation may be required, such as where there is coarse gold that has inherent sampling problems. Unusual*	**2014 Field Program** Sampling undertaken as part of the initial exploration program included rock chip sampling from graphitic-bearing surface outcrop within prospecting & exploration licenses 4661L and 4662L. Three representative rock chip samples were collected from two outcrop locations and 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. 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 riffling. The bagged 3kg

Criteria	JORC Code Explanation	MUS Commentary
	commodities or mineralisation types (eg submarine nodules) may warrant disclosure of detailed information.	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 total of eleven intervals from hole RC001 were selected for sampling: - 5 – 6m - 9 – 10m - 22 – 23m - 32 – 33m - 37 – 38m - 42 – 43m - 43 – 44m - 47 – 48m - 50 – 51m - 51 – 52m - 57 – 58m Two intervals from hole RC002 were selected for sampling: - 5 – 6m - 17 – 18 m The initial exploration program was undertaken in order to confirm the presence of graphite mineralisation and results are not intended to be used for resource determination. **2015 Field Program** Samples have been taken from Reverse Circulation (RC) drillholes. Reverse circulation drilling was used to collect 1m samples (roughly 35kg) by an air cyclone which was reduced to a 3kg sample by riffling. Drillhole collar locations were generated based on results from a recently flown airborne SkyTEM EM survey (refer to previous MUS ASX announcements). Ten RC drill holes have been drilled to date. A total of 77 intervals from RC drillhole MORC-004; 84 intervals from RC drill hole MORC-006 and 74 intervals from RC drill hole were selected for sampling. Drill hole intervals were selected for sampling based on geological logging and samples showing no clear example of graphite have been excluded from the analysis completed by SGS Randfontein, an accredited laboratory The 1m composite samples from the RC drilling were submitted to SGS Randfontein. The samples were riffle split on a 50:50 basis, with one split pulverised and analysed for Total Graphitic Carbon (TGC), Total Carbon (TC) and Total Sulphur (TS) using a Leco Furnace, and the remaining split held in storage.

Criteria	JORC Code Explanation	MUS Commentary
		In addition, selected samples which are currently in storage will be submitted for flake size distribution analysis and XRF analyses to obtain the vanadium content. A single "test pit" 1 metre by 2.4 metres was excavated to a depth of 1.8 metres. The "test pit" was excavated in close proximity to MORC-002. To date no samples have been collected from the test pit. **2016 Field Program** Seven cored boreholes were drilled as part of the 2016 field programme. The diamond drilling (DD) was completed using a Boart Long-year LF 90 drill-rig and the core was recovered with HQ(III) equipment. The contractor used for the 2016 drill programme is Major Drilling, a Canadian based operation with a local presence in Mozambique. • Drillhole collar locations were generated based on results from a flown airborne SkyTEM EM survey which was completed during 2015 (refer to previous MUS ASX announcements). • Sampling is of HQ(III) DD core. A total of 354 m of mineralization were sampled over seven DD boreholes. Three DD holes (MOD004, MODD007, MODD008) have been twinned with existing RC holes (MORC004, MORC007, MORC008) for lithology and grade verification. • The core is photographed in sequence as the core is packed into the core trays at the drill site. • The recovered DD core is cut lengthwise with a core splitting saw to produce 1 m samples. Where lithological boundaries did not fit the 1m geometry, the sample length was to be a minimum of 0.4 m or a maximum of 1.5 m. • In the case of MODD008, the core is sampled in 3 m lengths (the drilling runs), due to a very deep oxidised horizon of the mineralized rock. For comparison with the RC results, this specific RC hole (MORC008) will be composited back to 3 m intervals. • Core is halved for normal analyses. In the case of duplicate analyses (1 in 20), the core is quartered. In total 1 161 kg of sample was taken over 362 samples for chemical analyses. • The remaining core is halved in the mineralized zones to provide a quartered sample for metallurgical analysis. In total 551 kg of sample over 342 samples was taken for metallurgical test-work. • The remaining quarters and halves are retained in stratigraphic sequence in the core trays. The remaining core has been photographed, and the trays wrapped in cling-film, before it was put in container storage on site at the Mustang camp outside Montepuez.

Criteria	JORC Code Explanation	MUS Commentary
		• Samples are to be submitted for LECO analyses as well as for XRF multi-element analyses in selected instances. Mineralised zone core as well as 1 m boundaries into non-mineralised zone core will be submitted for analysis. • Initial metallurgical analysis will be performed on between 2 and 4 composited samples. The sampling will be split between the oxidised and fresh mineralized zones.
Drilling techniques	• *Drill type (eg core, reverse circulation, open-hole hammer, rotary air blast, auger, Bangka, sonic, etc) and details (eg core diameter, triple or standard tube, depth of diamond tails, face-sampling bit or other type, whether core is oriented and if so, by what method, etc).*	**2014 Field Program** Reverse circulation drilling was used to drill two 5.5 inch diameter holes. RC drill chips were collected by an air cyclone at 1m intervals for logging and sampling. Approximately 35kg per metre was collected and reduced to a 3kg sample by riffling. **2015 Field Program** Reverse circulation drilling was used to drill 5.5 inch diameter holes. RC drill chips were collected by an air cyclone at 1m intervals for logging and sampling. Approximately 35kg per metre was collected by an air cyclone which was reduced to a 3 kg sample by riffling. Reflex Ezy shot tools were used to take downhole survey measurements to monitor drillhole azimuth and dip. **2016 Field Program** • The core drilling was completed with a Boart Longyear LF-90 drilling rig. The drilling equipment was HQ(III) sized. • Drilling was planned to be perpendicular to strike, and as close as possible to true width intersections. • The borehole dip and azimuth was surveyed at 3 m intervals from the bottom of the borehole with a Reflex EZ-Trac tool. The maximum deviation from the planned azimuth was measured at 6^{o} in MODD003. The maximum deviation from the planned dip was measured at 5^{o} in MODD004. • Final borehole collar positions are to be surveyed with a differential GPS survey instrument, by an independent external surveyor. • The core was oriented with a Reflex Tool.
Drill sample recovery	• *Method of recording and assessing core and chip sample recoveries and results assessed.* • *Measures taken to maximise sample recovery and ensure representative nature of the samples.*	**2014 Field Program** The condition and qualitative estimates of RC sample recovery were determined through visual inspection of the 1m sample bags and recorded at the time of sampling. A hard copy and digital copy of the sampling log is maintained for data verification.

Criteria	JORC Code Explanation	MUS Commentary
	• *Whether a relationship exists between sample recovery and grade and whether sample bias may have occurred due to preferential loss/gain of fine/coarse material.*	The samples obtained are considered to be representative of the drilled intervals and no preferential loss or gain of fine or coarse material was identified during the initial exploration program. **2015 Field Program** The condition and qualitative estimates of RC sample recovery were determined through visual inspection of the 1m sample bags and recorded at the time of sampling. A hard copy and digital copy of the sampling log are maintained for data verification. Recovery has been good with 35kg + being returned per metre drilled. Several wet intervals had poor to no sample recovery. • MORC001 the last metre was not recovered due to excess water (102-103m). • MORC003 three metres in the last 7 metres could not be recovered due to excess water make (70 – 71m, 72-73m and 76-77m). Due to the early stage of exploration works at the project, no relationship between sample recovery and grade is known to exist at this point. **2016 Field Program** The condition and qualitative estimates of DD sample recovery were determined through visual inspection and measurement of the drilling core runs and recorded at the time of recovery at the drill-rig. A hard copy and digital copy of the sampling log are maintained for data verification.
Logging	• *Whether core and chip samples have been geologically and geotechnically logged to a level of detail to support appropriate Mineral Resource estimation, mining studies and metallurgical studies.* • *Whether logging is qualitative or quantitative in nature. Core (or costean, channel, etc) photography.* • *The total length and percentage of the relevant intersections logged.*	• Core recovery measurements are recorded for every borehole. • Where recoveries were found to be less than 95 %, the drill runs were shortened to 1 m, and drilling speed lowered to improve recovery. • In some instances (faulting and severe oxidation), core losses were unavoidable. These losses are recorded, and will be applied with circumspection in future modeling. **2014 Field Program** RC drillchip samples were geologically logged by trained geologists. The drillholes are considered by MUS to be 'scout test drill holes' and were not drilled for the purpose of Mineral Resource estimation. Logging of RC drill holes includes recording of lithology, mineralogy, mineralisation, weathering, colour and other features of the samples. RC Chip trays are photographed. Geological descriptions of the mineral volume abundances and assemblages are semi-quantitative. The drillholes were logged in full. **2015 Field Program** RC drillchip samples were geologically logged by trained geologists.

Criteria	JORC Code Explanation	MUS Commentary
		The drillholes are considered by MUS to be part of a maiden drill program aimed at identifying shallow graphite mineralisation. Mustang will use the results from this maiden program to prioritise target areas, which will then become the focus of further drillhole definition programs. Whilst the aim of this maiden drill program is not to produce a Mineral Resource Estimate. These holes may potentially be used for resource estimation purposes in the future. Logging of RC drill holes includes recording of lithology, mineralogy, mineralisation, weathering, colour and other features of the samples. RC Chip trays are photographed. Geological descriptions and estimates of visual graphite percentages on preliminary logs are semi-quantitative. All drill holes were logged in full. **2016 Field Program** • All holes drilled were logged in full and sampled by the site geologists. • All the logged information which includes depth, lithology, mineral assemblage, structural information, Cg mineralization (laboratory data), collar survey and geologists are recorded in the field logging sheets and in digital format. • The recovered core is recorded in sequence as digital photographs. • All the logged information which includes depth, lithology, mineral assemblage, Cg mineralization (laboratory data), collar survey and geologist are recorded in a strip-log which is generated from the field logging sheets. • The analytical samples are in transit to the laboratory for analysis. • Umpire samples have been identified and will be dispatched to a third party laboratory. • The samples for metallurgy have been identified and are in transit. • Metallurgical testing will commence once the chemical laboratory work have been completed. • The remaining core which is in storage, is recorded in sequence in digital photograph format.
Sub-sampling techniques and sample preparation	• *If core, whether cut or sawn and whether quarter, half or all core taken.* • *If non-core, whether riffled, tube sampled, rotary split, etc and whether sampled wet or dry.* • *For all sample types, the nature, quality and appropriateness of the sample preparation technique.*	**2014 Field Program** RC samples were collected on the rig using riffle splitters to reduce the sample mass from 35kg to 3kg. Sample preparation of the RC chip samples follows industry best practice in sample preparation involving oven drying (105°C), split (300g) and pulverising to a grind size of 85% passing 75 micron. The sample preparation for RC samples follows industry best practice. The majority of samples were dry, with some wet samples at depth in RC002.

Criteria	JORC Code Explanation	MUS Commentary
	• *Quality control procedures adopted for all sub-sampling stages to maximise representivity of samples.* • *Measures taken to ensure that the sampling is representative of the in situ material collected, including for instance results for field duplicate/second-half sampling.* • *Whether sample sizes are appropriate to the grain size of the material being sampled.*	No field QC procedures were adopted (i.e. no certified standards or blanks were inserted and no field duplicates were collected). Due to the early nature of the project, nominal 1m composite sampling was undertaken for this phase of the exploration program. **2015 Field Program** RC samples are collected on the rig using riffle splitters to reduce the sample mass from 35kg to 3kg. Sample preparation of the RC chip samples follows industry best practice in sample preparation involving oven drying (105°C), split (300g) and pulverising to a grind size of 85% passing 75 micron. The sample preparation for RC samples follows industry best practice. The majority of samples were dry, with some wet samples at depth in MORC001 and MORC003. Field QC procedures were adopted as follows: • Insertion rate for blanks - 5% (1 in 20) • Insertion rate for standards - 5% (1 in 20) • Insertion rate for duplicates - 5% (1 in 20) • Umpire duplicates - 5% (1 in 20) Two CRM (GGC004 and GGC009) were obtained from Geostats Pty Ltd to monitor analysis of laboratory for graphitic carbon, carbon and sulphur. 1m RC composite sampling has been undertaken for this phase of the exploration program. **2016 Field Program** The majority of samples were moist (from the DD process) at recovery, with ambient temperatures sufficiently high to dry the oxidized core before the commencement of sampling. Field QC procedures were adopted as follows over and above the laboratory internal controls: • Insertion rate for blanks - 5% (1 in 20) • Insertion rate for standards - 5% (1 in 20) • Insertion rate for duplicates - 5% (1 in 20) • Umpire duplicates - 5% (1 in 20) • Two Graphite standards (GGC004 and GGC009) were obtained from Geostats Pty Ltd to monitor analysis by the laboratory for graphitic carbon, carbon and sulphur. As far as possible 1m DD composite sampling has been undertaken for this phase of the exploration program. • The core is split by saw and half core is submitted for analyses generally as 1 m samples. When a duplicate sample is submitted,

Criteria	JORC Code Explanation	MUS Commentary
		the core is quartered. • Mineralised samples are submitted for LECO analyses as well as for ICP Multi-element analyses. • Within the total samples dispatched a random sequence of 5 % each of standards, blanks and duplicates are included. • Sample preparation is done by SGS in Johannesburg, before the prepared samples are analysed for content determination. • Sampling procedure include drying, crushing, splitting and pulverizing ensures that 85% of the sample is 75 micron or less in size. A split of the sample is analysed using a LECO analyser to determine carbon in graphite content. • The sample procedure standards followed are internal to SGS and are listed below: • WGH 79 (Receive Sample Weight), SCR 32 (Sample Screening), CSA01V (Total Carbon by LECO), CSA05V (Graphitic Carbon by LECO), CSA06V (Sulphur by LECO), XRF 79V (Trace Element by pressed pellet). • QC measures include the submission of duplicate samples (5% of samples), blanks (5% of samples) and standards (5% of samples) over and above the internal controls at SGS. • The smallest core sample dimension after cutting is 29 mm. The large category flake size is > 8 mesh or 2.38 mm. The sample size exceeds the target material size comfortably. • Sampling for metallurgical testing is complete, and samples are in transit at present. • The metallurgical samples consist of quartered core, sampled and bagged generally per metre. • The metallurgical composites will be batched by the laboratory metallurgists once the results from the initial laboratory work have been received.
Quality of assay data and laboratory tests	• *The nature, quality and appropriateness of the assaying and laboratory procedures used and whether the technique is considered partial or total.* • *For geophysical tools, spectrometers, handheld XRF instruments, etc, the parameters used in determining the analysis including instrument make and model, reading times, calibrations factors applied and their derivation, etc.* • *Nature of quality control procedures adopted (eg standards, blanks, duplicates, external laboratory checks) and*	**2014 Field Program** Fourteen samples were analysed by SGS Laboratories in South Africa for Graphitic Carbon and Total Carbon on a Leco Combustion Infrared Detection instrument. In addition, these samples were analysed for multi element content (including V_2O_5) by XRF and underwent petrographic thin section analysis to determine graphitic carbon flake size distribution. Two samples were submitted to Set Point Laboratories for analysis of Graphitic Carbon and Total Carbon on a Leco Combustion Infrared Detection instrument, and vanadium by SD/ICP. Samples were also subjected to a size fraction distribution analysis.

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	whether acceptable levels of accuracy (ie lack of bias) and precision have been established.	Detection limits for these analyses are considered appropriate for the reported assay grades and adequate for the phase of the exploration program. No geophysical tools were used to determine any element concentrations. No QC procedures were adopted (i.e. no certified standards or blanks were inserted and no field duplicates were collected). Both SGS and Set Point carried out sample preparation checks for fineness as part of their internal procedures to ensure the grind size of 85% passing 75 micron was being attained. Laboratory QAQC involves the use of internal lab standards using certified reference material, blanks, and repeats as part of their in-house procedures. **2015 Field Program** A total 235 samples were analysed by SGS Laboratories in South Africa for Total Graphitic Carbon (TGC), Total Carbon (TC) and Total Sulphur (TS) using a Leco Furnace, and the other split held as in storage. Detection limits for these analyses are considered appropriate for the reported assay grades and adequate for the phase of the exploration program. No geophysical tools were used to determine any element concentrations. The assaying and laboratory procedures used are appropriate for the material tested. SGS carried out sample preparation checks for fineness as part of their internal procedures to ensure the grind size of 85% passing 75 micron was being attained. Laboratory QAQC involves the use of internal lab standards using certified reference material, blanks, and repeats as part of their in-house procedures. **2016 Field Program** • All samples are labelled with a unique sequential number with a sample ledger recording all samples. • QA/QC samples are included in a random sequence at a frequency of 5 % each for standards, blanks and duplicates. • The laboratory uses internal standards in addition to the standards, blanks and duplicates inserted by Mustang. • The standards are supplied by an external and independent third party. Two standards are to be used for the laboratory test-work; GGC-04 and GGC-09. • The blanks are made up from non- graphitic rock. The duplicates are a quartered sample of the original halved cores. • The detection limits are deemed sufficient for the purpose of future Mineral Resource estimation. • The samples will be analysed by SGS, with sample preparation done in

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		Johannesburg. Sampling procedures are listed above and includes drying, crushing, splitting and pulverizing such that 85% of the sample is 75 micron or less in size. A split of the sample will be analysed using a LECO analyser to determine carbon in graphite carbon content. • Laboratory test-work is scheduled for the first quarter of 2017, and the Metallurgy test-work will follow on in the second quarter of 2017.
Verification of sampling and assaying	• *The verification of significant intersections by either independent or alternative company personnel.* • *The use of twinned holes.* • *Documentation of primary data, data entry procedures, data verification, data storage (physical and electronic) protocols.* • *Discuss any adjustment to assay data.*	**2014 Field Program** Mr. Johan Erasmus, an independent geologist, has visually verified the geological observations reported in the RC drillholes. No twin holes were drilled. Sample information was recorded at the time of sampling in electronic and hard copy form. Data is documented by Mr. Johan Erasmus and primary data is kept in a Microsoft Access database. Assay data is received from the laboratory in electronic form and compiled into the Company's digital database. A copy of the data is stored in Mr. Erasmus' office as well as in Mustang's office in Pretoria, RSA. Assay data was reported as received from the laboratory (refer to MUS ASX announcement dated 10 June 2015). No adjustments or calibrations have been made to any assay data. **2015 Field Program** Mr. Johan Erasmus, an independent geologist, has visually verified the geological observations reported in the RC drillholes. No twin holes have been drilled to date. Sample information is recorded at the time of sampling in electronic and hard copy form. Data is documented by Mr. Johan Erasmus and primary data is kept in a Microsoft Access database. A copy of the data is stored in Mr. Erasmus' office as well as in Mustang's office in Pretoria, RSA. Verification was based on use of duplicates, standards and blanks used. Assay data was reported as received from the laboratory. No adjustments or calibrations have been made to any assay data. **2016 Field Program** • The Exploration Manager and field geologists and are in the employment of Mustang, and external oversight is established with the contracting of Sumsare Consulting, a South-African consulting company. Sumsare is supplying an external Competent Person. • The twinning of RC boreholes was done by DD in 3 instances as a correlation exercise. MODD004 (for MORC004), MODD007 (for MORC007) and MODD008 (for MORC008). A comparison of the data obtained from these twinned holes will be completed once the latest analytical results are received.

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		• The primary data is kept in the company office in Pretoria under the custodianship of the Exploration Manager. The CP has a duplicate dataset at his office in South-Africa, and the company has a dataset in the Australian office. • Assay data is not adjusted, and is released to the market as it is received from the laboratory.
Location of data points	• *Accuracy and quality of surveys used to locate drill holes (collar and down-hole surveys), trenches, mine workings and other locations used in Mineral Resource estimation.* • *Specification of the grid system used.* • *Quality and adequacy of topographic control.*	**2014 Field Program** Collar locations and rockchip sample locations were surveyed with a Garmin 62/64 GPS Device. The Garmin devices typically have an error of +/- 7m. No downhole survey measurements were taken. All spatial data was collected in WGS 84 and the datum used is UTM Zone 37 South. **2015 Field Program** Collar locations were surveyed with a Garmin 62/64s GPS Device. The Garmin devices typically have an error of +/- 7m. All spatial data was collected in WGS 84 and the datum used is UTM Zone 37 South. A DTM surface was produced by SkyTEM as part of the recent airborne geophysics program completed by Mustang. **2016 Field Program** A hand-held Garmin 62/64s GPS was used to site the drill holes (xy horizontal error of 7 metres) and reported using WGS 84 grid and UTM datum zone 37 south. • The final collar positions will be surveyed using an independent surveyor with a differential GPS instrument. • Topographic control is good due to the SkyTEM survey that was completed during 2015. A DTM surface was produced by SkyTEM as part of the EM geophysics program. • The borehole dip and azimuth was surveyed at 3 m intervals from the bottom of the borehole with a Reflex EZ-Trac tool. • Final borehole collar positions are to be surveyed with a differential GPS survey instrument, by an independent external surveyor. • The core was oriented with a Reflex Tool.
Data spacing and distribution	• *Data spacing for reporting of Exploration Results.* • *Whether the data spacing and distribution is sufficient to establish the degree of geological and grade continuity appropriate for the Mineral Resource and Ore Reserve estimation procedure(s) and classifications applied.*	**2014 Field Program** Two scout test RC drillholes were drilled in prospecting & exploration licences 6527L and 5873L and three rock chip samples were collected from surface outcrops in licences 4661L and 4662L.

Criteria	JORC Code Explanation	MUS Commentary
	• *Whether sample compositing has been applied.*	Drilling data is at the exploration level and data is not considered to be sufficient to establish the degree of geological and grade continuity appropriate for the Mineral Resource and Ore Reserve estimation procedure. Drillhole collar information is tabulated in Appendix 1. No sample compositing has applied. Samples have been composited to a maximum of 0ne metre dor the RC samples. No sample compositing occurred for the grab sample analysis. **2015 Field Program** Eight of the RC drillholes were inclined on average at -74 to 78 degrees. Two of the RC drillholes were drilled vertically. Due to the early stage of the exploration program, there is no nominal sample spacing. Drillhole collars have been planned to test EM anomalies. Drilling data is at the exploration level and data is not considered to be sufficient to establish the degree of geological and grade continuity appropriate for the Mineral Resource and Ore Reserve estimation procedure. No sample compositing has been applied. Samples have been composited to a maximum of 0ne metre dor the RC samples. No sample compositing occurred for the grab sample analysis. **2016 Field Program** • The spacing of five of the DD drill-holes was at a grid of approximately 150 m, while the remaining two DD drilled holes was spaced at an infinite grid. • All seven of the DD drill-holes were inclined on average at between -52° to 60°. The collar details are tabulated in Appendix 1. • Sample compositing for the DD program has not been applied.
Orientation of data in relation to geological structure	• *Whether the orientation of sampling achieves unbiased sampling of possible structures and the extent to which this is known, considering the deposit type.* • *If the relationship between the drilling orientation and the orientation of key mineralised structures is considered to have introduced a sampling bias, this should be assessed and reported if material.*	**2014 Field Program** RC drillholes were inclined at -60 ° orientated on a bearing of 120° (measured clockwise with North at 0 °). The orientation of the RC holes was designed based on regional geology interpretations and designed to test the broad stratigraphy. No sampling bias is considered to have been introduced. **2015 Field Program** The orientation of the RC holes were designed based on regional geology interpretations and designed to test the broad stratigraphy. The collar details are tabulated in Appendix 1. No sampling bias is considered to have been introduced at this early stage of the project. **2016 Field Program**

Criteria	JORC Code Explanation	MUS Commentary
		• The orientation of the DD holes were planned based on the regional geology interpretation and planned to test the broad stratigraphy. The collar details are tabulated in Appendix 1. • No sampling bias is considered to have been introduced at this early stage of the project. • From the previous surface mapping of the area, the regional foliation dips at steep angles of between 50 and 70 degrees to the west. • The drilling was hence planned at an inclined orientation of 55° from the horizontal in an easterly direction across strike. From prior experience, drilling at angles shallower than 55° is usually problematic. The SkyTEM EM data was used to fix a strike direction. • The borehole dip and azimuth was surveyed at 3 m intervals from the bottom of the borehole with a Reflex EZ-Trac tool. • Final borehole collar positions are to be surveyed with a differential GPS survey instrument, by an independent external surveyor. • The core was oriented with a Reflex Tool. • The structural analysis is in progress. So far an association between structure and Cg grade has not been established, but hinge zones are suspected to improve Cg grades, and potentially flake sizes.
Sample security	• *The measures taken to ensure sample security.*	**2014 Field Program** • Samples were kept in a locked room after collection, and shipped in sealed containers by Mustang to SGS and Set Point Laboratories in South Africa. • Sample residue was retained by SGS and Set Point for safekeeping until further analysis is needed. **2015 Field Program** • Samples were stored at the company's field base in a locked and sealed shipping container until it was dispatched to the laboratory in Johannesburg. • Samples were transported in sealed containers by road to South Africa for analysis. The sample export procedure as required by the Mozambican government was followed, and the samples were delivered to SGS in Johannesburg for analysis. • No signs of tampering were reported by the laboratory upon sample receipt. **2016 Field Program** • Samples are stored at the company's field base until dispatched to the laboratory. Samples will be transported in sealed containers by road, to South Africa for analysis.

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		• The sample export procedure as required by the Mozambican government is being followed, and the samples are to be delivered to SGS in Johannesburg for analysis. • The sample logistics between Mozambique and South-Africa are handled in-house by Mustang. • Any signs of tampering will be reported by the laboratory upon sample receipt. • The remaining core is kept in a safe facility under guard at the site office in Montepuez in Mozambique.
Audits or reviews	• *The results of any audits or reviews of sampling techniques and data.*	• No external audits have been undertaken up to this stage of work.

Section 2 reporting of exploration results

Criteria	Explanation	MUS Commentary
Mineral tenement and land tenure status	• *Type, reference name/number, location and ownership including agreements or material issues with third parties such as joint ventures, partnerships, overriding royalties, native title interests, historical sites, wilderness or national park and environmental settings.* • *The security of the tenure held at the time of reporting along with any known impediments to obtaining a licence to operate in the area.*	Mustang's Balama Graphite Project area consists of 6 prospecting & exploration licenses covering a total area of 666.64 $km^{2.}$ Mustang has acquired rights to earn majority interests in these licenses by acquiring all of the issued capital of Balama Resources Pty Ltd under an agreement with Balama Resources Pty Ltd. Refer to ASX announcement dated 20 October 2014 for full details regarding ownership and earn-in rights. All statutory requirements were acquired prior to exploration work. All licenses have been awarded and issued The Company is not aware of any impediments relating to the licences or the area.
Exploration done by other parties	• *Acknowledgment and appraisal of exploration by other parties.*	No prior exploration work done by other parties on the licence areas except for the 1:250,000 geological maps generated by the Government of Mozambique and country wide airborne magnetics and radiometric geophysical surveys flown over the region by the Government of Mozambique.
Geology	• *Deposit type, geological setting and style of mineralisation.*	The area is predominantly underlain by Proterozoic rocks that form a number of gneiss complexes that range from Palaeo to Neoproterozoic in age (Boyd et al., 20 10). The Mustang project area is underlain by metamorphic rocks of the Neoproterozoic Lurio Group within the Xixano Complex (Brice, 2012) in north-eastern Mozambique. The Xixano complex is composed dominantly of mafic to intermediate orthogneiss with intercalations of paragneiss, meta-arkose, quartzite, tremolite-rich marble and graphitic schist. Graphite rich units are comprised of sequences of metamorphosed carbonaceous pelitic and psammitic (sandstone) sediments within the Proterozoic Mozambique Belt (Brice, 2012). The metamorphic grade is typically of amphibolite facies.
Drill hole Information	• *A summary of all information material to the understanding of the exploration results including a tabulation of the following information for all Material drill holes:* • *easting and northing of the drill hole collar* • *elevation or RL (Reduced Level – elevation above sea level in metres) of the drill hole collar* • *dip and azimuth of the hole* • *down hole length and interception depth* • *hole length.*	Two RC holes were drilled in late 2014 as part of a scout drilling program. Refer to ASX announcement dated 10 June 2015 for further information and results. Ten RC holes were drilled in late 2015 as part of an EM survey verification drilling program. Refer to ASX announcement dated 10 June 2015 for further information and results. Seven DD boreholes were drilled between October and November of 2016. These holes were drilled to draw a comparison with some of the RC holes drilled during 2015, and to collect data for an initial JORC (2012) compliant resource statement. Information pertaining to drilling completed to date is provided in Appendix 1 and Appendix 2.

Criteria	Explanation	MUS Commentary
	• *If the exclusion of this information is justified on the basis that the information is not Material and this exclusion does not detract from the understanding of the report, the Competent Person should clearly explain why this is the case.*	
Data aggregation methods	•*In reporting Exploration Results, weighting averaging techniques, maximum and/or minimum grade truncations (eg cutting of high grades) and cut-off grades are usually Material and should be stated.* •*Where aggregate intercepts incorporate short lengths of high grade results and longer lengths of low grade results, the procedure used for such aggregation should be stated and some typical examples of such aggregations should be shown in detail.* •*The assumptions used for any reporting of metal equivalent values should be clearly stated.*	No weighting averaging techniques, grade truncations or cut-off grades have been applied.
Relationship between mineralisation widths and intercept lengths	• *These relationships are particularly important in the reporting of Exploration Results.* • *If the geometry of the mineralisation with respect to the drill hole angle is known, its nature should be reported.* • *If it is not known and only the down hole lengths are reported, there should be a clear statement to this effect (eg 'down hole length, true width not known').*	No relationship between mineralisation widths and intercept lengths is known at this stage. Assay grades have been reported and tabulated by sample interval for the 2014 drill program and are reported in ASX announcement dated 10 June 2015. Assay grades have been reported and tabulated by sample interval for the 2015 drill program and are reported in ASX announcement dated 10 June 2015. The cored DD programme for 2016 has been completed with structural data collected from orientated core intersections. The structural analysis will be completed as part of the technical report that accompanies the resource statement. Analytical results will be released as soon as the laboratory and metallurgical testwork is completed. The laboratory and metallurgy work is expected to be completed during the 1st and 2nd quarters of 2017.

Criteria	Explanation	MUS Commentary
Diagrams	• *Appropriate maps and sections (with scales) and tabulations of intercepts should be included for any significant discovery being reported These should include, but not be limited to a plan view of drill hole collar locations and appropriate sectional views.*	Appropriate plans and maps are included in the body of the announcement.
Balanced reporting	• *Where comprehensive reporting of all Exploration Results is not practicable, representative reporting of both low and high grades and/or widths should be practiced to avoid misleading reporting of Exploration Results.*	The report is considered to be balanced. The 2014 drilling and rock-chip sampling results have been reported in ASX announcement dated 10 June 2015. The 2015 drilling and sampling results have been reported in the ASX announcement dated 10 June 2015. The 2016 drilling and sampling results will be reported in due course, as the results become available. An extended lead time is expected from the laboratories due to the metallurgical compositing that will follow on from the chemical analyses.
Other substantive exploration data	• *Other exploration data, if meaningful and material, should be reported including (but not limited to): geological observations; geophysical survey results; geochemical survey results; bulk samples – size and method of treatment; metallurgical test results; bulk density, groundwater, geotechnical and rock characteristics; potential deleterious or contaminating substances.*	Regional geological mapping and regional airborne geophysics (magnetics and radiometrics) have been obtained from the Mozambican Government. In addition Mustang flew airborne geophysics survey (SkyTEM) across 6 of its tenements. The geophysics datasets were used to aid in interpretations and plan the 2015 and 2016 drill-hole program's collar locations.
Further work	• *The nature and scale of planned further work (e.g tests for lateral extensions or depth extensions or large-scale step-out drilling).* • *Diagrams clearly highlighting the areas of possible extensions, including the main geological interpretations and future drilling areas, provided this information is not commercially sensitive.*	The drilling of priority targets identified from the SkyTEM survey is ongoing. Areas on Prospecting Licenses 5873L and 6678L have been identified for future drilling. Results will be announced as they become available.