

Rule 2.7, 3.10.3, 3.10.4, 3.10.5

Appendix 3B

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

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

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

Name of entity	Mustang Resources Limited
ACN	090 074 785

We (the entity) give ASX the following information.

Part 1 - All issues

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

- | | | |
|---|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|----------------------------|
| 1 | Class of securities issued or to be issued | Fully paid ordinary shares |
| 2 | Number of securities issued or to be issued (if known) or maximum number which may be issued | 8,237,232 |
| 3 | Principal terms of the securities (eg, if options, exercise price and expiry date; if partly paid securities, the amount outstanding and due dates for payment; if convertible securities, the conversion price and dates for conversion) | Fully paid ordinary shares |

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4	<p>Do the securities rank equally in all respects from the date of allotment with an existing class of quoted securities?</p> <p>If the additional securities do not rank equally, please state:</p> <ul style="list-style-type: none"> the date from which they do the extent to which they participate for the next dividend, (in the case of a trust, distribution) or interest payment the extent to which they do not rank equally, other than in relation to the next dividend, distribution or interest payment 	<p>Yes – fully paid ordinary shares.</p>
5	Issue price or consideration	<p>8,237,232 issued upon conversion of \$500,000 of Note 2 at a conversion price of \$0.0607 per share.</p>
6	<p>Purpose of the issue (If issued as consideration for the acquisition of assets, clearly identify those assets)</p>	<p>To satisfy the Company's obligation to issue shares following the partial conversion of convertible notes.</p>
6a	<p>Is the entity an eligible entity that has obtained security holder approval under rule 7.1A?</p> <p>If Yes, complete sections 6b – 6h <i>in relation to the securities the subject of this Appendix 3B</i>, and comply with section 6i</p>	<p>No</p>
6b	<p>The date the security holder resolution under rule 7.1A was passed</p>	<p>Not Applicable</p>
6c	<p>Number of securities issued without security holder approval under rule 7.1</p>	<p>Nil</p>
6d	<p>Number of securities issued with security holder approval under rule 7.1A</p>	<p>Nil</p>
6e	<p>Number of securities issued with security holder approval under rule 7.3, or another specific security holder approval (specify date of meeting)</p>	<p>Nil</p>

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6f	Number of securities issued under an exception in rule 7.2	8,237,232						
6g	If securities issued under rule 7.1A, was issue price at least 75% of 15 day VWAP as calculated under rule 7.1A.3? Include the issue date and both values. Include the source of the VWAP calculation.	Not Applicable						
6h	If securities were issued under rule 7.1A for non-cash consideration, state date on which valuation of consideration was released to ASX Market Announcements	Not Applicable						
6i	Calculate the entity's remaining issue capacity under rule 7.1 and rule 7.1A – complete Annexure 1 and release to ASX Market Announcements	<u>ASX Listing Rule 7.1</u> 90,306,439 Securities <u>ASX Listing Rule 7.1A</u> Nil Shares						
7	Dates of entering securities into uncertificated holdings or despatch of certificates	27 September 2017						
8	Number and class of all securities quoted on ASX (including the securities in section 2 if applicable)	<table><tr><th>Number</th><th>Class</th></tr><tr><td>608,065,206</td><td>Fully paid ordinary shares</td></tr><tr><td>61,938,095</td><td>Listed Options (MUSOA) exercisable at \$0.035 on or before 25 January 2020</td></tr></table>	Number	Class	608,065,206	Fully paid ordinary shares	61,938,095	Listed Options (MUSOA) exercisable at \$0.035 on or before 25 January 2020
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608,065,206	Fully paid ordinary shares							
61,938,095	Listed Options (MUSOA) exercisable at \$0.035 on or before 25 January 2020							

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	Number and class of all securities not quoted on ASX (including the securities in section 2 if applicable)	Number	Class
		30,000,000	Fully paid Ordinary Shares – escrowed to 6 June 2019
		149,253	Unlisted Options exercisable at \$0.2412 on or before 10 November 2017
		8,000,000	Unlisted Options exercisable at \$0.15 on or before 14 June 2019
		2,000,000	Unlisted Options exercisable at \$0.09 on or before 31 December 2017
		2,000,000	Unlisted Options exercisable at \$0.015 on or before 31 December 2017
		19,000,000	Unlisted Options exercisable at \$0.075 on or before 21 June 2019
		7,500,000	Unlisted Options exercisable at \$0.06 on or before 4 August 2019
		3,612,289	Unlisted Options exercisable at \$0.0273 on or before 23 January 2020
		729,771	Unlisted Options exercisable at \$0.0273 on or before 25 January 2020
		1,519,559	Unlisted Options exercisable at \$0.10 on or before 9 March 2020
		3,000,000	Unlisted Options exercisable at \$0.15 on or before 31 March 2020
		3,000,000	Unlisted Options exercisable at \$0.20 on or before 31 March 2020
		38,709,677	Unlisted Options exercisable at \$0.062 on or before 20 July 2020
		2,181,818	Unlisted Options exercisable at \$0.0715 on or before 20 July 2020
		13,333,333	Unlisted Options exercisable at \$0.117 on or before 20 July 2020
		3,333,333	Unlisted Options exercisable at \$0.117 on or before 15 September 2020
		14,000,000	Class E Performance Rights expiring 31 December 2019 (vesting on proving a JORC compliant inferred graphite resource of a minimum of 50 million tonnes at >5% total graphite content on or before 31 December 2019 on any of the licences comprising the Balama Project (4661L, 4662L, 5873L, 6527L, 6636L, 6678L))
		1	Convertible Notes convertible at the higher of the lowest 1 day VWAP (as published by Bloomberg) during the 20 trading days period ending on the last trading day before the date on which the holder delivers a conversion notice to the Company or \$0.005 on or before 25 January 2019 with a face value as follows: <ul style="list-style-type: none"> Note 2: \$800,000
		1	Convertible Notes convertible at the higher of the lowest 1 day VWAP (as published by Bloomberg) during the 20 trading days period ending on the last trading day before the date on which the holder delivers a conversion notice to the Company or \$0.005 on or before 25 January 2019 with a face value as follows: <ul style="list-style-type: none"> Note 3: \$3,000,000
10	Dividend policy (in the case of a trust, distribution policy) on the increased capital (interests)	N/A	

Part 2 - Bonus issue or pro rata issue

Questions 11 to 33 are not applicable

Part 3 - Quotation of the Unlisted Options is not sought

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

34 Type of securities
(tick one)

(a) ☒ Securities described in Part 1 – Fully paid Ordinary Shares only

(b) ☐ All other securities

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

Entities that have ticked box 34(a)

Questions 35 to 42 are not applicable

Quotation agreement

1 Quotation of our additional securities is in ASX's absolute discretion. ASX may quote the securities on any conditions it decides.

2 We warrant the following to ASX.

- The issue of the securities to be quoted complies with the law and is not for an illegal purpose.
- There is no reason why those securities should not be granted quotation.
- An offer of the securities for sale within 12 months after their issue will not require disclosure under section 707(3) or section 1012C(6) of the Corporations Act.

Note: An entity may need to obtain appropriate warranties from subscribers for the securities in order to be able to give this warranty

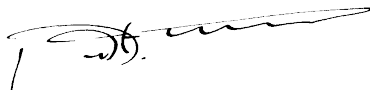
- Section 724 or section 1016E of the Corporations Act does not apply to any applications received by us in relation to any securities to be quoted and that no-one has any right to return any securities to be quoted under sections 737, 738 or 1016F of the Corporations Act at the time that we request that the securities be quoted.
- If we are a trust, we warrant that no person has the right to return the securities to be quoted under section 1019B of the Corporations Act at the time that we request that the securities be quoted.

3 We will indemnify ASX to the fullest extent permitted by law in respect of any claim, action or expense arising from or connected with any breach of the warranties in this agreement.

4 We give ASX the information and documents required by this form. If any information or document not available now, will give it to ASX before quotation of the securities begins. We acknowledge that ASX is relying on the information and documents. We warrant that they are (will be) true and complete.

Sign here:

Date: 27 September 2017



Print name: **Robert Marusco**
Company Secretary

Appendix 3B – Annexure 1

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

Introduced 01/08/12

Part 1

Rule 7.1 – Issues exceeding 15% of capital		
Step 1: Calculate “A”, the base figure from which the placement capacity is calculated		
Insert number of fully paid ordinary securities on issue 12 months before date of issue or agreement to issue	323,749,913	
Add the following: <ul style="list-style-type: none"> Number of fully paid ordinary securities issued in that 12 month period under an exception in rule 7.2 Number of fully paid ordinary securities issued in that 12 month period with shareholder approval Number of partly paid ordinary securities that became fully paid in that 12 month period <p><i>Note:</i></p> <ul style="list-style-type: none"> Include only ordinary securities here – other classes of equity securities cannot be added Include here (if applicable) the securities the subject of the Appendix 3B to which this form is annexed It may be useful to set out issues of securities on different dates as separate line items 	133,400,000 234,128 72,468,577 30,000,000 4,761,905 3,896,104 2,310,516 1,003,905 11,270,491 29,688,524 15,243,902 8,237,232	Fully paid ordinary shares (as approved by shareholders on 20 January 2017) Fully paid ordinary shares (upon exercise of shareholder approved options) Fully paid ordinary shares (as approved by shareholders on 22 May 2017) Fully paid ordinary shares (as approved by shareholders on 22 May 2017) Fully paid ordinary shares (upon exercise of shareholder approved options) Fully paid ordinary shares (as approved by shareholders on 22 May 2017) Fully paid ordinary shares (upon exercise of shareholder approved options) Fully paid ordinary shares (as approved by shareholders on 1 Sept 2017) Fully paid ordinary shares (upon conversion of convertible notes approved by shareholders 1 Sept 2017) Fully paid ordinary shares (upon conversion of convertible notes approved by shareholders 1 Sept 2017) Fully paid ordinary shares (upon conversion of convertible notes approved by shareholders 1 Sept 2017) Fully paid ordinary shares (upon conversion of convertible notes approved by shareholders 1 Sept 2017)
Subtract the number of fully paid ordinary securities cancelled during that 12 month period	Nil	
“A”	636,265,197	

Step 2: Calculate 15% of “A”	
“B”	0.15 <i>[Note: this value cannot be changed]</i>
Multiply “A” by 0.15	95,439,780

Step 3: Calculate “C”, the amount of placement capacity under rule 7.1 that has already been used	
<p>Insert number of equity securities issued or agreed to be issued in that 12 month period <i>not counting</i> those issued:</p> <ul style="list-style-type: none"> Under an exception in rule 7.2 Under rule 7.1A With security holder approval under rule 7.1 or rule 7.4 <p><i>Note:</i></p> <ul style="list-style-type: none"> <i>This applies to equity securities, unless specifically excluded – not just ordinary securities</i> <i>Include here (if applicable) the securities the subject of the Appendix 3B to which this form is annexed</i> <i>It may be useful to set out issues of securities on different dates as separate line items</i> 	<p>8</p> <p>1,800,000 shares for professional services</p> <p>3,333,333 options for professional services</p>
“C”	5,133,341

Step 4: Subtract “C” from [“A” x “B”] to calculate remaining placement capacity under rule 7.1	
<p>“A” x 0.15</p> <p><i>Note: number must be same as shown in Step 2</i></p>	95,439,780
<p>Subtract “C”</p> <p><i>Note: number must be same as shown in Step 3</i></p>	5,133,341
Total [“A” x 0.15] – “C”	<p>90,306,439</p> <p><i>[Note: this is the remaining placement capacity under rule 7.1]</i></p>

Part 2 – Approval was not sought for the Additional 10% Placement Capacity at the 2016 AGM

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

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