



30 August 2018

Dear Shareholders,

MUSTANG TO BE RE-NAMED 'NEW ENERGY MINERALS LTD' TO REFLECT ITS FOCUS ON THE WORLD-CLASS CAULA VANADIUM-GRAPHITE PROJECT

I refer to the accompanying Notice of Meeting containing a number of proposed resolutions.

In July 2018, the Company announced the merger of its ruby assets with Fura Gems Inc. (TSXV: FURA), for the consideration of AU\$10 million in Fura shares over three tranches and an AU\$25 million spending commitment to be allocated to the enlarged Fura ruby project, subject to exploration results. This transaction (subject to final closing by 30 November 2018) relieves the Company of the substantial exploration and market development expenditure required in coming years, to establish the Company's ruby interests as a commercial ruby mining operation.

Importantly, the Fura transaction has allowed the Company to focus its attention and capital on a world-class asset, the Company's 80% owned Caula Vanadium-Graphite project, next to Montepuez and directly along strike from and due north of the graphite project owned by Syrah Resources Limited (ASX:SYR, AU\$731 million market cap). The Mustang Board of Directors considers this the optimal available strategy for the Company, given the strong demand for vanadium and large-flake graphite, coupled with the exceptional results from Caula in the year to date.

With this change of focus, we propose that the Company changes its name to New Energy Minerals Ltd (reserved ASX ticker "NXE").

The new name proposed for approval by shareholders under resolution 12 of the Notice of Meeting, "New Energy Minerals Ltd" (ASX:NXE), reflects the Company's focus on the development and mining of two geologically associated commodities from the same deposit; both essential to the production of electric vehicles and the storage of renewable energy. With Graphite being used in lithium-ion batteries and Vanadium used in vanadium-redox-flow-batteries, both commodities also have traditional applications in the steel industry, a mainstay of global economic development.

It is the use of vanadium as a steel-strengthening alloy and new Chinese rebar standards, which have increased its price more than 500% in the last 2 years to current levels of US\$18.40/lb (US\$40,480/tonne), with primary vanadium pentoxide flake supply only being delivered by a handful of companies including Largo Resources Ltd (TSX: LGO, C\$1.46 billion market cap) and Glencore PLC (LN: GLEN).

Graphite has also experienced strong demand especially for high Total Graphitic Carbon (**TGC**) large-flake graphite, with the recently reported sale prices of US\$1,700/tonne for >300micron, 94% for TGC flake graphite from an African graphite project.¹ Large-flake graphite has the capacity to expand in size when heated and therefore has a fast-growing application in flame-retardant building materials, which augurs well for this section

¹ Bass Metals Ltd ASX Announcement dated 20 August 2018

MUSTANG RESOURCES LIMITED

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of the graphite market, with annual demand estimated to grow to >2 million tonnes in coming years, almost twice the size of the total current graphite market².

As shown in recent announcements, the Company's focus has increasingly been directed to fast-tracking the Caula Vanadium-Graphite project in Northern Mozambique. Considering the quality of the graphite component of this project in terms of grade, metallurgy (expressed as a percentage of large, jumbo & super jumbo graphite flakes) and the size of the JORC Measured Resources (see Table 1 and Figures 1 below) the Mustang Board of Directors believes the Company has a unique opportunity to deliver a world-class project to serve the "New Energy Market".

African Graphite Companies Peer Comparison					
Company & Project	Ticker Code	Resource Grade (TGC %)	>180 micron Flake	JORC 2012 Measured Resource (Mt)	Cut off Grade (TGC %)
(ASX:MUS) Caula ³	MUS	13.4%	63%	22	8%
(ASX:SYR) Balama ⁴	SYR	16.2%	20%	75	9%
(ASX:BAT) Montepuez ⁵	BAT	7.7%	20%	5.3	2.5%
(ASX:TON) Ancuabe ⁶	TON	6.6%	57%	Nil	3%
(ASX:MNS) Nachu ⁷	MNS	5.4%	66%	64	3%
(ASX:BSM) Graphmada ⁸	BSM	4.1%	71%	Nil	2%
(TSXV:SRG) Lola ⁹	SRG	5.6%	70%	1.4	3%

Table 1. African Graphite Companies / Projects Peer Comparison based on Resource Grade, Flake size distribution and Measured Resource.

² Graphite guide: Why fire resistance and not electric cars may drive these stocks. Angela East, April 16, 2018. Stockhead

³ Refer to the Company's ASX Announcements dated 25 June 2018 and 24 July 2018

⁴ Refer to Syrah Resources's ASX Announcements dated 29 May 2015 and 15 January 2014

⁵ Refer to Battery Minerals's ASX Announcements dated 16 July 2018 and 18 October 2017

⁶ Refer to Triton Minerals's ASX Announcements dated 15 December 2017 and 23 February 2017

⁷ Refer to Magnis Resources's ASX Announcements dated 31 March 2016 and 21 October 2016

⁸ Refer to Bass Metals's ASX Announcements dated 23 May 2017 and 21 June 2017

⁹ Refer to the SRG Graphite's's TSX-V Announcements (available on www.sedar.com) dated 20 July 2018 and 3 August 2018

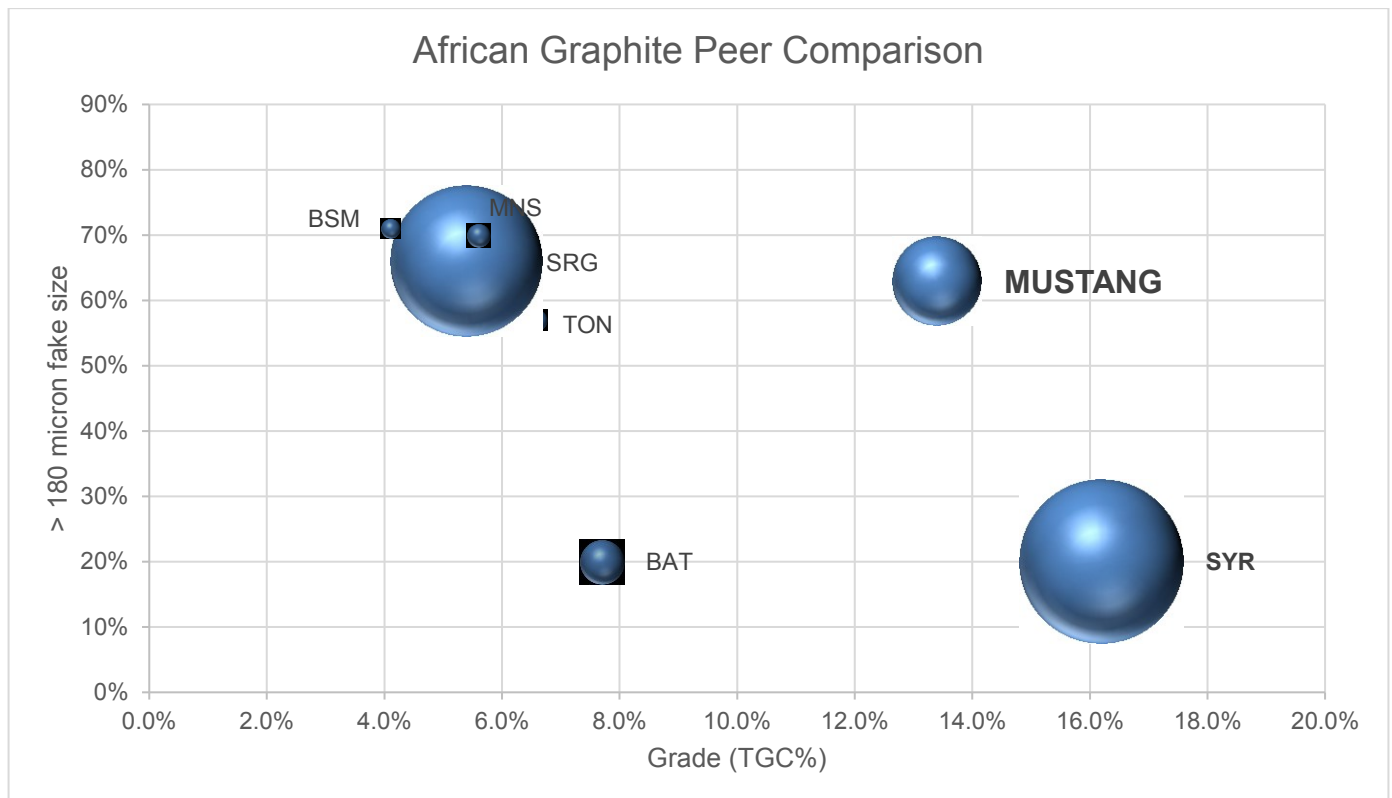


Figure 1. Comparative chart of African graphite companies based on grade and flake size as per Table 1. The size of the bubble for each company represents their current JORC (2012) Measured Resources, where no Measured Resource has been reported (e.g. BSM and TON) a default value of 1Mt has been assigned to enable plotting on the diagram. The chart clearly shows Mustang's leading position in the top right-hand corner with both high grade and large flake size and its Measured resource of 22Mt (refer to the Company's ASX announcement dated 20 July 2018) putting it in the top 3 behind SYR and MNS.

Recent work at Caula has also delivered a sizeable JORC Measured Vanadium Resource of 22Mt @ 0.37% V_2O_5 (0.2% cut off) for 180 million pounds of V_2O_5 .¹⁰ The Company has already developed a simple, yet fully integrated flowsheet to extract both vanadium and graphite from the same processing plant, using for the most part simple flotation. The vanadium found in the Caula deposit, within the graphitic schists, occurs within a vanadium-mica mineral called roscoelite, which is potentially far simpler and cheaper to process to high grade V_2O_5 concentrates than traditional titano-magnetite vanadium deposits.

The next 6 to 12 months should be a period of intensive activity with management focusing on delivering the following key outputs:

1. The Caula Scoping Study currently underway which is targeted for completion in September 2018.
2. Preliminary vanadium metallurgical work at Nagrom Laboratories in Perth.
3. ~4,000m of Feasibility Study drilling at Caula to deliver a further resource upgrade, as well as samples for further metallurgical testing in Perth and China.¹¹
4. The change of the Company's name and brand to "New Energy Minerals Ltd" (subject to Shareholder approval) and associated change in Company logo and corporate colours.

¹⁰ Refer to the Company's ASX Announcement dated 20 July 2018

¹¹ Refer to the Company's ASX Announcement dated 8 August 2018

5. The concurrent 1:10 consolidation of the Company's issued Shares followed by an investor roadshow in the UK and Europe and attendance at the 121 Investor Conference in Hong Kong.
6. Engagement and negotiations with proposed strategic project partners and off-takers in Asia, Europe and North America.
7. Feasibility Studies for the Caula project.
8. Mining Concessions, permitting and approvals from the Government of Mozambique.
9. Phase 1 trial mining at Caula.

We seek Shareholder support for the new focus of the Company and look forward to moving into the 'new energy revolution' by delivering significant shareholder value through the exploration for and mining of these high demand commodities.

Yours faithfully,

Ian C Daymond

Chairman

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 statement.

ABOUT MUSTANG RESOURCES LTD

Mustang Resources Ltd is an ASX listed company (ASX:MUS) focused on the development of the Caula Vanadium-Graphite Project in Northern Mozambique, located along strike from the Syrah Resources Ltd (ASX:SYR) Balama Project. In July 2018¹² Mustang announced a maiden vanadium mica-hosted JORC Measured Resource for Caula of 22Mt at 0.37% V₂O₅ for 81,600 tonnes of contained vanadium pentoxide. The Company concurrently announced a 317% increase in its JORC Graphite Resource to 21.9Mt at 13.4% Total Graphitic Carbon ("TGC") (8% cut-off), for a total of 2,933,100 tonnes of contained Graphite, all in the measured category.

The Company has a highly experienced board and management team with a 15-year track record of investment and successful project development in Mozambique and the Africa region. With the aim to become a key provider of vanadium and graphite, both key components used in battery production, the company currently has a scoping study underway, which is due for completion in Q3 2018.

¹² Refer to ASX Announcements dated 20 July 2018 and 24 July 2018 respectively

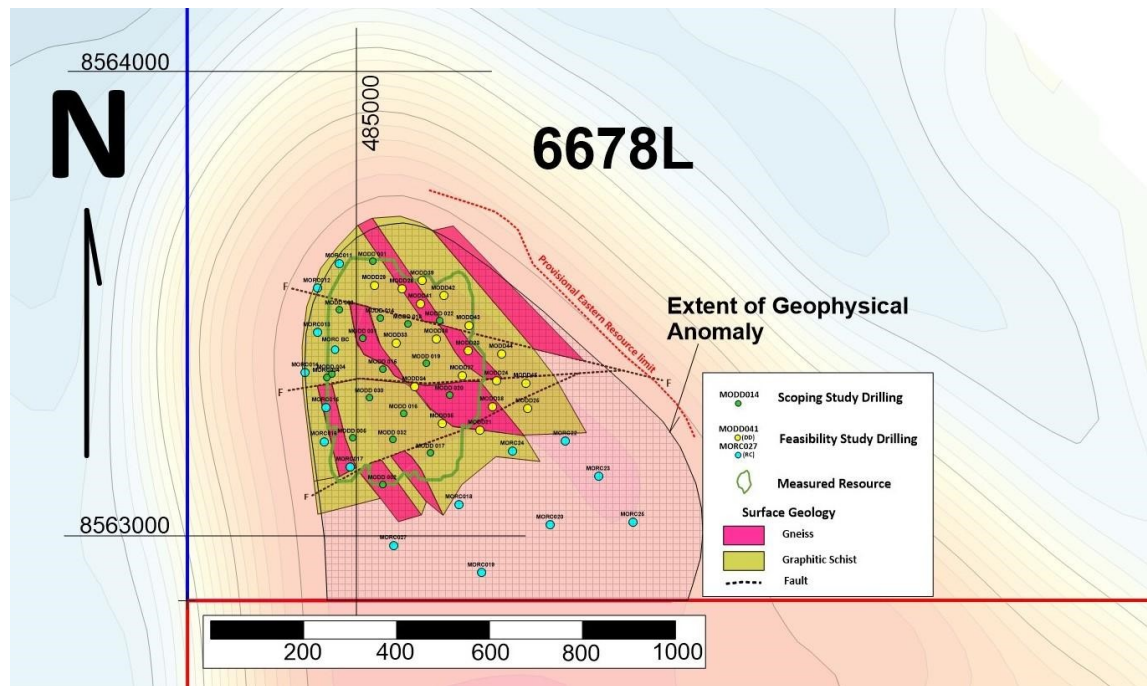


Figure 2. Locations of Feasibility Study Drill holes and the plan view of mineralisation

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 to Sumsare Consulting, Witbank, South Africa which 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.

Information in this report that relates to the metallurgical aspects of the Caula Graphite & Vanadium Project is based on information compiled by Dr. Evan Kirby, a Competent Person who is a registered member of the South African Institute for Mining and Metallurgy (SAIMM), which is a Recognised Professional Organisation (RPO) included in a list posted on the ASX website. Dr Kirby is a Non-Executive Director of the company. Dr Kirby 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, Mineral Resources and Ore Reserves. Dr Kirby consents to the inclusion of the data in the form and context in which it appears.