



20 July 2017

## MUSTANG SECURES \$8.5M FUNDING PACKAGE FROM LEADING INSTITUTIONAL INVESTOR

*Convertible note means Mustang is fully-funded through to first ruby sale in October minimising dilution for shareholders*

### Highlights

- **Arena Investors LP, a major US institutional investor with more than US\$600m in assets under management, commits to invest net A\$8.5m in Mustang under a convertible note facility**
- **Funds to be drawn down in four tranches with the first tranche of \$1.7m (subject to conversion restrictions) to be received on signing the convertible note deed**
- **Balance will be available in three further draw-downs of A\$1.7m, \$2.55m & \$2.55m over 18 months, subject to shareholder approval**
- **Funding arrangement ensures that Mustang is fully-financed through to its first rough ruby tender of 200,000cts planned for October 2017**
- **Current ruby inventory of ~132,000 cts, with ongoing recovery of high quality rubies from the recently upgraded processing plant and ongoing artisanal development program**

Mustang Resources (**ASX: MUS**) is pleased to announce that it has secured a A\$8.5 million funding facility under an 18-month term convertible note facility (**Convertible Note Deed**) with a leading US institutional investor, ensuring that it is fully funded through to its upcoming maiden rough ruby tender in October 2017.

### COMPANY INFORMATION

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

Current Shares on Issue:  
565,618,436  
Market Capitalisation:  
\$31.11M as at 19 July 2017

### COMPANY DIRECTORS

Ian Daymond  
Chairman

Christiaan Jordaan  
Managing Director

Cobus van Wyk  
Director

Peter Spiers  
Director

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The Convertible Note Deed, with convertible notes having a face value of A\$10 million, has been signed with Arena Investors LP (**Arena**), a US-based institutional investor with more than US\$600 million in assets under management.

Under the terms of the Convertible Note Deed, Arena has agreed to invest net A\$8.5 million through an unsecured convertible note facility, to be drawn-down in four tranches as follows:

- \$1.7 million (face value \$2 million) to be received upon signing of the Convertible Note Deed (with notes subject to conversion restrictions);
- A\$1.7 million (face value \$2 million) (subject to shareholder approval with notes subject to conversion restrictions);
- A\$2.55 million (face value \$3 million) (subject to shareholder approval); and
- A\$2.55 million (face value \$3 million) (subject to shareholder approval).

Mustang Managing Director Christiaan Jordaan said the funding arrangement marked another key step in the Company's growth as it continues to recover high quality rubies from its recently upgraded processing plant and ongoing artisanal development program at Montepuez, where its total ruby inventory now stands at ~132,000 cts.

"This facility ensures we are fully-funded until the first closed-bid tender of our rubies in October this year and provides us with the ability to maximise the number of rubies tendered for sale in October," Mr Jordaan said.

"To have obtained the funding from an institution of Arena's size and standing is a significant vote of confidence in Mustang and our Montepuez ruby project," he added. "Importantly we have achieved it in a way that minimises dilution for existing shareholders."



**Figure 1. High Quality Rubies from Montepuez Project, July 2017**  
**About Arena Investors**

Arena is a global investment firm and merchant capital provider that seeks to generate attractive risk-adjusted and uncorrelated returns by investing in a highly diversified portfolio across the entire credit spectrum. Based in New York City, Arena employs a team of 42 professionals and was formed in partnership with The Westaim Corporation, a publicly traded Canadian holding company focused on the financial services industry. See [www.arenaco.com](http://www.arenaco.com).

**About Mustang Resources Ltd (ASX:MUS)**

Listed on the Australian Securities Exchange, Mustang Resources Limited (ASX: MUS) is an emerging gemstone developer and producer focused on the near-term development of the highly prospective Montepuez Ruby Project in northern Mozambique.

The Montepuez Ruby Project consists of four licences covering 19,300 hectares directly adjacent to the world's largest ruby deposit discovered by Gemfields PLC (AIM:GEM) in 2012. Since supply of rubies from sources outside Mozambique has become fractured and unreliable, Mustang stands to capitalise on the current demand around the world for ethically produced rubies by becoming a reliable, consistent supplier of high-quality rubies.

The Company is currently fast-tracking its work program on the Montepuez Ruby Project with high priority targets being identified and low-cost bulk sampling well underway. First rough ruby sales are scheduled for October 2017 under a closed bid tender of an estimated 200,000 cts gem quality rubies. Website: [www.mustangresources.com.au](http://www.mustangresources.com.au)

Jett Capital Advisors LLC acted as advisor to the transaction.

**Additional Key Terms of the Transaction:**

The convertible notes under the Convertible Note Deed will be issued at 85% of face value, and are redeemable at par at maturity.

All conditions precedent for the first draw-down under the arrangement have been satisfied, although the notes issued may not be converted prior to shareholder approval expected to occur at the end of August 2017 and are also subject to a 50% conversion restriction. The three remaining draw-downs are also conditional on receipt of shareholder approval of the facility and confirmation at the relevant time that no events of default under the facility have occurred and are continuing at that time.

The convertible notes attract interest at 1% per annum accruing on daily balances and are convertible at variable strike prices based on the lowest 1-day VWAP of the 20 trading days prior to conversion. The noteholder is also entitled to two tranches of options with tranche A options exercisable at a price equal to 130% of the 30 day VWAP prior to the date of issue of tranche 1 notes, with a 3 year term equal to 60% of the value of tranche 1 & 2 notes and tranche B options (exercisable at a price equal to 130% of the closing price of Mustang's Shares on ASX prior to the date of issue of tranche 3, with a 3 year term) equal to 40% of the value of tranche 3 & 4 notes received.

A notice of meeting will be prepared and despatched to shareholders shortly seeking the relevant approvals for entry into the facility.

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

### **Important Disclaimer:**

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