



COMPANY INFORMATION

Mustang Resources Ltd

ABN 34 090 074 785

ASX Code: MUS

Current Shares on Issue:

772,252,996

Market Capitalisation:

\$26M as at 15 November 2017

COMPANY DIRECTORS

Ian Daymond
Executive Chairman

Christiaan Jordaan
Director

Cobus van Wyk
Director

Peter Spiers
Director

16 November 2017

RUBY OPERATIONS AND STRATEGY UPDATE

Mustang Resources Limited (“Mustang” or “the Company”) (ASX: MUS) has conducted an internal review of its recent first ruby auction and an assessment of its commercial and exploration strategy.

The review was aimed at identifying the reasons for the auction results and the measures Mustang should adopt in order to ensure it can unlock the full underlying value of its Montepuez Ruby Project.

As a result of the review the following actions are being taken:

- the ruby grading system is being refined based on buyer feedback with further input from expert consultants
- the current ruby inventory (comprising 386,033 carats) is being re-graded
- selected rough ruby parcels from the re-graded inventory will be offered for sale in coming weeks and months in Asia in smaller auction formats
- bulk sampling activity will be suspended at the onset of the wet season (expected to be around the end November) and preference given to processing surface stockpiles which currently total 96,000 tonnes
- the exploration emphasis will shift towards lower-cost manual test pitting in order to establish a greater number of potential bulk sample test pit sites
- the artisanal miner development program (AMDP) has been temporarily suspended pending a review of revenues to be received from the sale of AMDP rubies
- opportunities to acquire additional prospective exploration tenements in the world-class Montepuez ruby field are being pursued.

BACKGROUND

From late 2015 until early 2017 Mustang acquired contractual rights to earn a majority interest in several prospecting and exploration licences in northern Mozambique considered highly prospective for high quality secondary ruby deposits.¹ Exploration (“Prospecting” as defined under the Mozambican mining legislation) commenced within the 193km² tenement area in March 2016 and is ongoing.

The key focus of on-ground activity has been test pitting and larger-scale bulk sampling, supplemented by truck-mounted auger drilling. Multiple zones of gravel-hosted secondary ruby mineralisation have been discovered across the project area to date.

Mustang subsequently installed a bulk sampling plant (later upgraded to a capacity of 120 tonnes per hour referred to below) for a total cost of A\$1,136,093 to date. This was a significant achievement for the Company given the short time since on ground activities began and for a capital cost which is thought to be significantly less than the capital costs for the adjacent plants (150tph and 250tph respectively) installed by Gemfields Plc.

Multiple challenges were overcome by the operational team during full commissioning. In late July 2017, the bulk sample processing plant was upgraded and sufficient processing water secured. This resulted in a rapid increase in ruby recoveries, with increased daily shifts and production records set for August and September 2017 of 14,775.80cts and 27,131cts respectively.²

It should be noted that the bulk sampling plant (although a capital expenditure item) must be regarded as an exploration and prospecting, not a mining, asset. Secondary gemstone deposits are, by their very nature, difficult to assess by conventional exploration techniques alone (e.g. drilling). Mustang's bulk sampling activities are necessary to provide information on and to analyse the quality and quantity of ruby mineralisation discovered by reconnaissance exploration programs.

Bulk Sampling Results

Exploration bulk sampling commenced at the Montepuez Ruby Project in late 2016.

To date 13 bulk sample pits have been excavated, 212,473 tonnes of gravels have been processed through the bulk sampling plant, and 74,090cts recovered.

Approximately 96,000 tonnes (61,935m³) of ruby-bearing gravels from various bulk sample pits remain to be processed from surface stockpiles next to the processing plant.

Preliminary reconciliation of the mined grade indicates that bulk sample pit grades generally ranged from 0.1cts per tonne washed to 0.5cts per tonne washed. The higher grades achieved

¹ Mustang interests in individual licences are 60.0% (4143L now 8921C); 52.5% (4285L); 52.5% (5030L); and 65.0% (8245L) and were acquired by shareholder-approved sale and purchase agreements with Regius Resources Group Ltd, a related party.

² Reference should be made to the detailed information contained in the JORC Tables with respect to the Company's bulk sampling activities, which were attached to and in support of all of the Company's ruby announcements containing mineralisation statements. The most recent JORC Table was attached to the Company's September 2017 Quarterly Activities Report.

were in the most recently excavated pits to the east of the bulk sampling plant (LM cuts 1 to 7).³

The locations of individual bulk sampling pits in relation to tenement boundaries and the Mustang bulk sampling plant is shown in Figure 1.

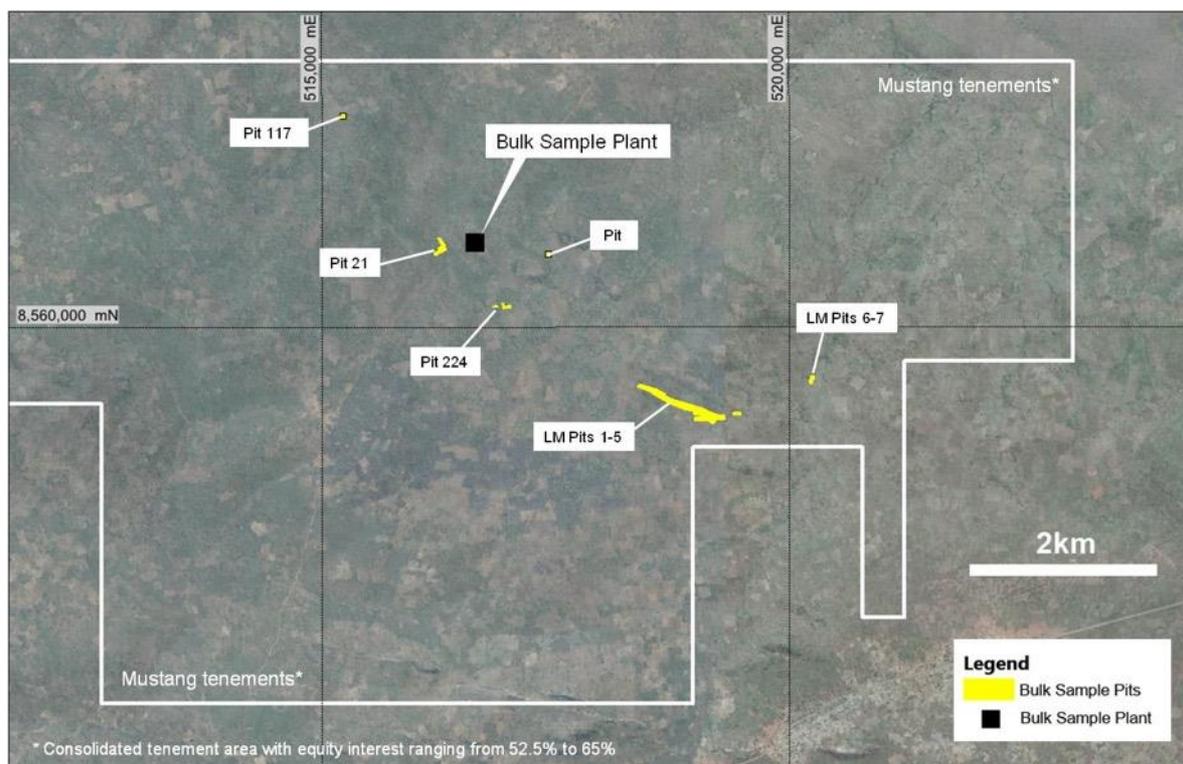


Figure 1 - Location of bulk sample pits, tenement boundaries and bulk sample plant

Artisanal Miner Development Program (AMDP)

Unregulated and illegal artisanal mining activities (a strong indicator of ruby mineralisation) are widespread across the greater Montepuez district.

In early 2017 Mustang established an Artisanal Miner Development Program (AMDP) to provide illegal miners with more formalised arrangements to allow them to continue their activities on Mustang Resources' licence areas in a more efficient and safer manner. As part of the AMDP, Mustang has provided elementary washing and sorting equipment to the artisanal miners and logistical support for material transport.

Under the AMDP, Mustang engages constructively with the artisanal miners active on its licence areas and gathers invaluable information about the distribution of ruby mineralisation on its areas. The AMDP program has also enabled Mustang to engage with the local communities and community leaders and is generally welcomed and applauded by the

³ Reconciliation of mined grade is incomplete as all surface stockpiled material is yet to be processed. The term 'mined' as used in this announcement refers to activities associated with bulk sampling exploration activities and is not intended to represent commercial mining activities.

Government and other authorities. The Company is proud of its corporate social responsibilities and achievements in these respects.

As at 31 October 2017, the AMDP has yielded 360,206cts, representing approximately 83% of total ruby yield for Mustang.

Mustang Grading System

There is no standard grading system established for the global ruby market. The buy-side of the industry is secretive, largely unregulated and fragmented. Many buyers have unique product requirements and are accustomed to sourcing stones from a diverse number of small miners and traders. In recent years, buyers have been able to source stones from Gemfields auctions centralised in Singapore. The ruby business worldwide is nonetheless still euphemistically known as an 'informal' or 'opaque' business when compared with more developed markets such as the diamond market.

Mustang developed a complex "proprietary" grading system for its alluvial stones in 2017. The grading system was developed in conjunction with specialist consultants with significant first-hand expertise and experience in ruby markets and with knowledge of ruby markets in Asia.

Mustang fully implemented its initial grading system in the lead-up to its maiden auction. The inventory was sorted into various sized parcels called 'lots' and then combined multiple lots into 'schedules' for the auction.

Mustang employs its own in-house gemmologists.

Special Stones

Through its ongoing Artisanal Miner Development Program (AMDP) Mustang recovered 11 large-sized stones and these were announced to the ASX in early 2017.

Five of these stones (which have come to be referred to as 'special stones') were sent as a test to Meg Berry in Tucson, Arizona, USA to be cut (faceted), polished and GIA-certified for possible future sale.

On 28 April 2017 Mustang announced a revised marketing strategy and stated that it did not intend to proceed with the sale of cut and polished stones because such sales would entail the Company being seen by prospective rough ruby buyers as competing with them in the same market. The cutting, polishing and certification of special stones was therefore suspended.

Mustang has no intention to enter the cut and polished stone market and the 5 'special stones' are therefore retained by the Company in safe and secure storage.

All other rough stones recovered by the Company sourced from either the bulk sampling program or the AMDP are uncut and were either sold at the October 2017 auction in Mauritius (the biggest being 14.24 carats) or included in rough ruby inventory for future sales.

October 2017 Auction Product Offering & Results

With the goal of gathering much-needed market intelligence on the Company's ruby inventory and to generate cash flow as early as possible, Mustang decided to make arrangements to host a rough ruby auction for a targeted 200,000 carats (by closed bid tender to engender maximum competition between buyers) in Mauritius at the end of October 2017, rather than

pursue private sales or smaller auctions or tenders. This decision was based on inputs from expert industry consultants.

Having committed to such an auction, Mustang then needed to attract the attention of buyers to ensure strong attendance at the event.

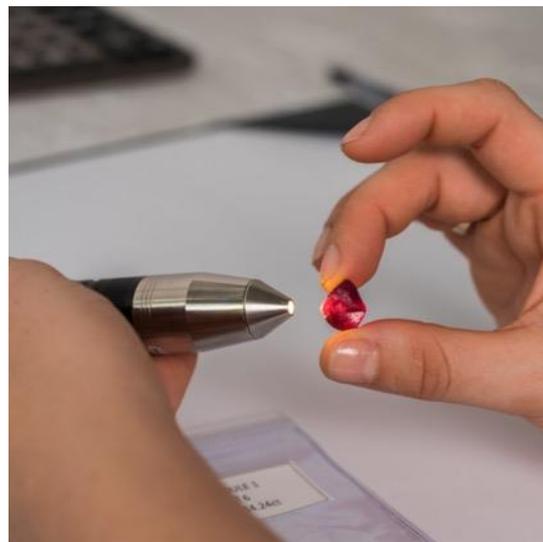
Mustang aimed to present as many stones as possible across a wide variety of qualities for its initial auction as the first genuine market test and to gain as much market intelligence as possible.

Approvals from the Government of Mozambique for the export of stones to Mauritius and for sale at the auction for as many stones as possible were acquired.

The actual offering included a mix of high-quality schedules (each comprising multiple lots), “commercial” or lower quality schedules (comprising multiple lots), and one corundum lot totalling around 6,000cts. The offering comprised stones across the ruby to sapphire spectrum.⁴

Mustang offered for sale a total of 109 lots in the October 2017 auction.

Examples of lot types offered by Mustang are illustrated in Figure 2 below.



⁴ Note that there is no accepted standard industry definition for the distinction between rubies and sapphires and classification is problematic. Both gems are composed of Al_2O_3 . A simplistic classification considers stones from red to pinkish red colour are rubies whilst stones that are lightish pink to blue in colour are sapphires. The lighting conditions and jewellery mounting medium have a significant impact on observed stone colours and hence perceived value. Pinkish rubies or pinkish sapphires have appeal to some buyers, especially for use by younger buyers, in preference to darker rubies.



Figure 2 - Examples of High Quality Lots



Figure 3: Examples of Commercial Lots

It is not possible for the Company to report details of the auction results for individual lots (or schedules) due to confidentiality agreements with individual buyers and clear commercial-in-confidence constraints.

Total gross sales proceeds received or receivable by Mustang from the initial auction are A\$713,456 at an average price of A\$24.21 per carat. Prices realised for individual schedules sold ranged from A\$6 per carat to A\$1,944 per carat.⁵

Rough Ruby Inventory

As at 11 November 2017, Mustang held a rough ruby inventory totalling 386,033cts comprising unsold stones from the October 2017 auction and additional stones subsequently produced from operations in Mozambique.

The rough ruby inventory is held in safe house facilities.

Assessment of Auction Results

The Company has conducted a comprehensive review of the results of the October 2017 ruby auction in Mauritius and has identified a number of areas for improvement and re-configuration of future sales processes.

Buyer Feedback

Mustang management and marketing staff are continuing discussions to follow up with more than 40 different buyers comprising around 120 individuals who attended the auction, as well as prospective buyers who did not attend. The purpose is to gain a clearer and up-to-date understanding of each buyer's product requirements and to obtain other specific feedback on the Company's first auction.

Key feedback received to date is summarised as follows:

- the auction event in high security premises in Mauritius was very well organised and run in a very professional manner
- grading categories proved to be too broad and presented a broader-than-required mix of stones within each lot offered
- the offering did not include enough total volumes (whether in smaller or larger homogenous parcels) of stones across certain categories, in particular high-quality categories
- attractive prices will be paid by buyers for lower quality stones and such revenues can be substantial where volumes are large
- a number of buyers (some with more limited purchase requirements) expressed a preference for future sales to be held closer to their home base (primarily Asia), but not necessarily Singapore where Gemfields now dominates ruby auction sales
- the auction was held 27-30 October 2017, which proved to be just over one week before the dates of the Gemfields auctions re-arranged in Singapore for the second week of November 2017.

⁵ Exchange rate 0.77 USD:AUD

Grading System Enhancement

It is clear that the pre-auction grading of lots was too broadly implemented and resulted in overlaps between different qualities when viewed from a buyer's perspective. This, in turn, resulted in lower prices being bid by buyers on many of the lots. This factor has been identified as the single largest contributor to the 13 of the 21 schedules failing to meet reserve prices.

Steps have already been taken to correct this (through the in-house gemmology team) and the Company is confident that it can improve its actual grading processes and, through that, its clearance rates at future sales events.

Future Exploration and Prospecting Focus

As stated above, buyer feedback demonstrated that there was insufficient volume of stones across certain categories, in particular the higher quality categories. Buyers require a sufficient volume of stones to work with to allow them to meet their subsequent customers' jewellery manufacturing requirements.

Whilst the lower volume of high quality stones offered by Mustang did not preclude offers being made and accepted for lots in these categories, it is now clear that a more competitive auction environment would be facilitated by having a greater number of stones available within individual lots.

It is not considered feasible to extend the period between auctions to facilitate a greater build-up of inventory, as this would only unnecessarily delay receipt of revenues that can otherwise be directed back into ongoing exploration programs.

Feedback received from the auction has reiterated the strategy of targeting higher quality and higher grade ruby deposits. This has and will always be the core objective of the Company's exploration programs.

Further commentary on the Company's exploration programs is provided in subsequent sections of this announcement.

Sale Process Adjustments

A number of buyers have indicated a preference for Mustang to host subsequent sales closer to their home bases, predominantly in Asia, to reduce costs.

Test sales are to be competed in Asia in coming weeks and months and will provide Mustang with key feedback on the viability of supplementing its sales process with smaller, more focussed tenders, catering to specific buyer requirements.

In order to optimise the prices received for higher quality stones, Mustang will also seek to identify and target buyers with greater flexibility on purchase volume requirements.

Review of on ground Activities (Mozambique)

In the light of the auction results, the Company has conducted a review of on-ground activities in Mozambique and has identified several areas for re-configuration that will support the continuation of the Company's exploration programs across the highly prospective Montepuez ruby field.

Temporary Suspension of Bulk Sampling Activity

Mustang will cease all bulk sample extraction activity with the onset of the wet season around end-November and will save those costs.

However, the Company intends to supplement the existing inventory with rubies from the Company's existing 96,000 tonnes stockpiles (61,935m³) to be processed through the plant during the rainy season.

As stated above, the Company needs to complete the market test for prices over the full range of inventory qualities in order to be in a position to determine the extent of future of bulk sampling activities.

Once Mustang has these prices, the Company can proceed to analyse the cash break-even parameters⁶ for bulk sampling operations and identify whether the Company should proceed with the LM series pits (refer Figure 1) or suspend mining until such time as potential higher grade and/or higher quality sources have been identified (refer commentary on exploration program below).

The analysis described above is fundamental to the overall review and assessment of the ruby activities.

Exploration and Prospecting Focus on Low Cost Methodologies

The primary objective of the Company's exploration programs is to delineate high quality and high grade ruby deposits.

As noted above the Company's primary exploration methodologies include: manual test pitting, auger drilling and large-scale bulk sampling. A description of each methodology, together with indicative cost and information acquired, is summarised in Table 1 below.

Methodology	Mustang Exploration Activities			Artisanal Mining
	Manual Test Pitting	Auger Drilling	Bulk Sampling	
Description	Manually dug test pit dug to base of gravel horizon – pit footprint ~1m ² and typical depth 4 to 7 m	Truck-mounted auger drill rig with 20 cm diameter drill holes completed to base of gravel horizon	Large-scale test pits dug to base of gravel with heavy earth moving equipment – individual pits from 12,500 tonnes to 80 000 tonnes in size.	Unregulated prospecting by manually excavated pits predominantly in modern drainage systems
Cost (indicative)	~A\$ 750 /pit	~A\$ 1,250 /hole	~A\$ 22,000 to A\$140,000 per pit (A\$ 1.75 per tonne mining cost only)	n/a
Information Acquired	Presence or absence of gravel horizon (and thickness) +/- rubies recovered	Typically presence or absence of gravel horizon and thickness <u>only</u>	Ruby grade & quality (after processing & grading) and ruby value (after sale). Geometry and geology of overburden and gravel horizon.	Presence or absence of gravel horizon – indicative ruby grade & quality.

Table 1 - Summary of exploration methodologies

⁶ This analysis will incorporate an assessment of the cut-off grade (carats per tonne) as well as the potential quality of the rubies.

Mustang has utilised all three primary exploration 'tools' within the Montepuez Ruby Project, supplemented by additional geological and geophysical programs.

It is apparent that manual test pitting is the most cost effective and rapid method of identifying the presence or absence of ruby mineralisation over a large footprint. Auger drilling also identifies the presence or absence of the gravel horizon but due to the small volume of sample collected (the diameter of the drill hole) it rarely provides a definitive assessment of the presence or absence of ruby mineralisation.

Due to the very inhomogeneous nature of ruby mineralisation neither manual test pitting nor auger drilling can provide definitive information on the overall grade of ruby mineralisation (carats per tonne) nor sufficient sample volumes to form a definitive view on ruby quality. In this regard, bulk sampling is essential to provide the necessary information to advance discoveries through Mineral Resource estimation and ultimately through to feasibility studies.

Having regard for the above the emphasis of Mustang's exploration programs will shift to the increased use of manual test pitting to seek to identify a greater range of possible bulk sampling targets for assessment.

Future bulk sampling activities will focus on the extraction of minimum parcel sizes from each bulk sample target (i.e. the minimum tonnage required to be processed through the bulk sample plant so as to be able to get an estimate of both ruby grade and ruby quality for each pit). This will provide for a more rapid and lower cost assessment of each individual ruby target.

Near term exploration activities will be focused in areas to the east of the processing plant considered by the Company to be more highly prospective for generation of additional bulk sampling targets for follow up after the rainy season. Some good rubies have also been found from test pitting on the southern border of 5030L so the search may cover this area as well.

It should be noted that the intensity of artisanal mining activity (also included in Table 1) is used by the Company as a strong indicator of prospective ruby mineralisation. The information gained from the assessment of artisanal mining activity is comparable in quality to that derived from the Company's manual test pitting program. Therefore, the identification and assessment of artisanal mining sites will also be used by the Company to build a portfolio of potential bulk sample sites.

Reassessment of the AMDP

The Company has built up significant information on project wide exploration prospectivity from the Artisanal Miner Development Program (AMDP).

As noted above the Company has commenced re-grading of its unsold lots, including stones from the AMDP.

Mustang is currently reviewing the AMDP program pending assessment of sales proceeds from sale of its full inventory but hopes to re-commence a full-scale AMDP in the near term

Acquisition of Additional Prospective Ground

The Montepuez district is recognised as a world-class ruby field with ruby mineralisation now reported from multiple locations over very large area (see east-west 'ruby' trend in Figure 2).⁷

The widespread nature of ruby mineralisation indicates clear potential for the discovery of further high grade / high quality ruby deposits through ongoing exploration activities.

The Company is actively seeking opportunities to acquire an additional interest in highly prospective tenements in the region and is making some progress with targeted properties. The Company will continue to pursue such opportunities going forward.

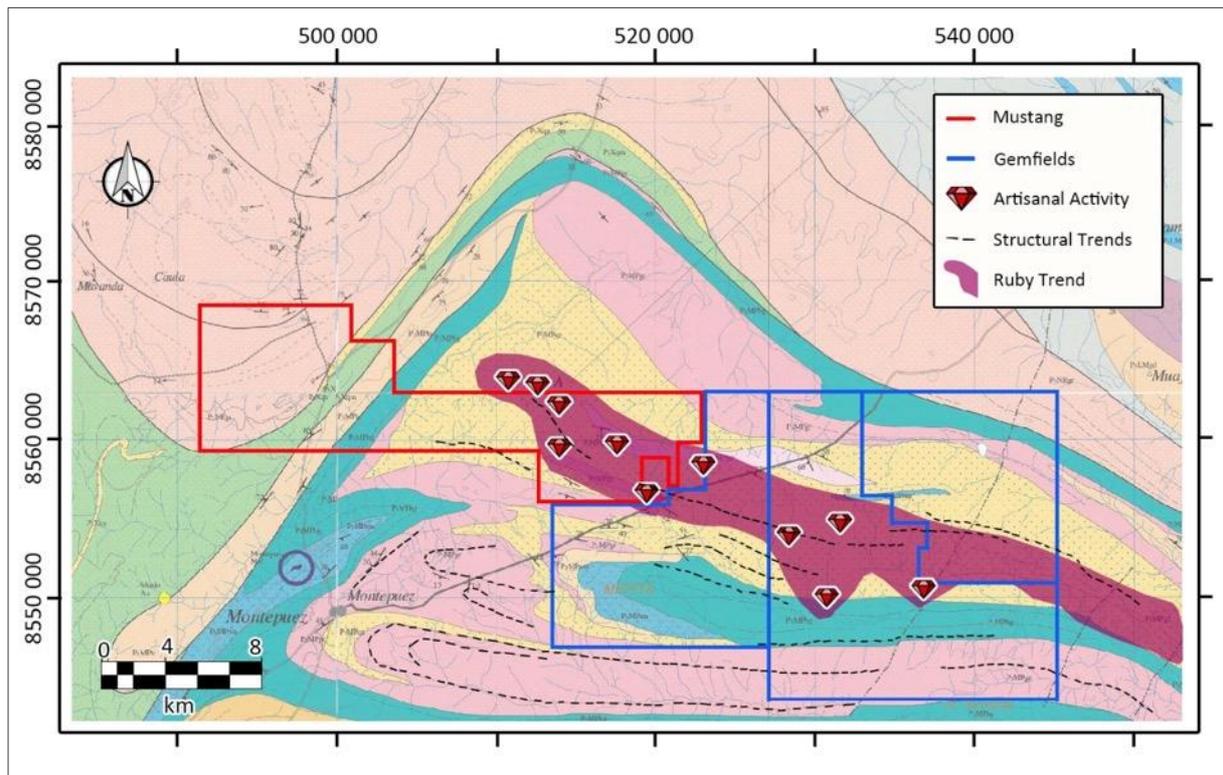


Figure 4 - Prospective ruby trend within the Montepuez ruby district

Conclusion

The Company has achieved much in terms of becoming a new entrant to the international ruby business over the past 18 months. Barriers to entry have been significant and acquiring the necessary expertise, especially in marketing and sales, has been challenging.

The results of the Company's first ruby auction, being the first real market test, clearly fell short of the Company's hopes but presentation of the Company's inventory to the market is the only real mechanism for gaining accurate feedback on the value of the rubies being recovered.

⁷ Includes mineralisation reported within third party licence areas.

The Company continues to hold the view that the Montepuez gem-field has world-class ruby prospectivity and that this prospectivity, combined with the continued demand growth for rubies, warrants the continuation of the Company's exploration program.

The Company's broad strategy with respect to its ruby projects remains unchanged and the Company's intention is to continue exploration on its current project area (and to seek additional project areas) through test pitting, drilling and bulk sampling and to sell recovered rough rubies to generate cash flow to support ongoing exploration and development costs. Ultimately, the Company still seeks to proceed to formal JORC Compliant Mineral Resource estimation and feasibility studies.

The outcome of these activities will determine if Mustang's Montepuez Ruby Project presents an opportunity for feasible long-term commercial development.

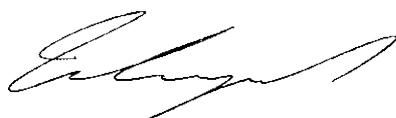
Having regard for the above the Company anticipates that near-term announcements by the Company in relation the Montepuez Ruby Project will focus on providing updates in the following key areas:

- results from the processing of surface stockpiles
- results from sales of selected rough ruby parcels from the re-graded inventory offered for sale in coming weeks and months in Asia in smaller auction formats
- results from ongoing exploration activities and
- announcements concerning the acquisition of new tenement areas across the Montepuez field.

In addition to the above, the Company continues to explore its high grade Caula Graphite Project for which a maiden Inferred Mineral Resource of 5.4Mt @13.0% TGC was announced to ASX on 7 November 2017, together with the attached JORC Table.

A new round of exploration drilling to commence this month and costed around A\$500,000 has been proposed for the Caula Graphite Project (6678L) and on the adjacent licence area (5873L), with the view to expanding the existing Caula Inferred Resource, as well as testing key targets in the 18km TEM anomaly identified.

The Company will provide updates on its ruby and graphite activities to shareholders as results come to hand.



Ian C Daymond

Interim Executive Chairman

On behalf of the Board of Directors

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COMPETENT PERSON'S STATEMENT:

Information in this report that relates to the Montepuez Ruby Project's Exploration Targets, Exploration Results, Mineral Resources or Ore Reserves is based on information compiled by Sara Turnbull, 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. Ms Turnbull is an independent consultant who was engaged by the Company to undertake this work. Ms Turnbull has sufficient experience which is relevant to the style of mineralisation and type of deposit under consideration and to the activity which she 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. Ms. Turnbull consents to the inclusion of the data in the form and context in which it appears.

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.

JORC CODE, 2012 EDITION – TABLE 1

Appendix to Operations and Strategy Update dated 16 November 2017

Section 1: Sampling Techniques and Data

Criteria	JORC Code Explanation	MUS Commentary
<p><i>Sampling techniques</i></p>	<ul style="list-style-type: none"> • <i>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.</i> • <i>Include reference to measures taken to ensure sample representivity and the appropriate calibration of any measurement tools or systems used.</i> • <i>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 commodities or mineralisation types (eg submarine nodules) may warrant disclosure of detailed information.</i> 	<p>A number of (industry standard) issues peculiar to alluvial sampling of precious stones have been identified, which impact directly on the number and size of the samples and the complexity of Resource estimations.</p> <p><u>Depositional environments</u></p> <p>Alluvial streams are highly transient environments. The braided channels are unstable through time and gravel bars are formed and destroyed continuously. Shifting bars and channels cause wide variations in local flow conditions resulting in varied depositional assemblages. Common features in braided stream deposits include irregular bed thicknesses, restricted lateral and vertical variations within the sediments, and abundant evidence of erosion and re-deposition. On a broad scale, most deposits are complex with units of no great lateral extent. Locally, bedrock features play an important role in precious stones concentration of the alluvial deposits, with rubies occurring preferentially in natural traps such as gullies, potholes and gravel bars and, typically, reworked through one or more post-depositional colluvial or elluvial environments.</p> <p><u>Grade variation</u></p> <p>In a single gravel unit (even within a few metres), ruby grades may vary from barren to over many carats per tonne, due to the development of localised trap-sites under favourable bedrock conditions, or hydraulic fractionation within a channel or bar. Consequently, the ruby distribution pattern (grade) of alluvial deposits is such that there is no repeatability of small sample results, even from adjacent samples.</p> <p>In order to account for all of these issues and ensure representivity, alluvial deposits can only be sampled through bulk-samples comprising tens to hundreds of thousands of cubic metres of gravel. Ruby deposits,</p>

Criteria	JORC Code Explanation	MUS Commentary
		<p>especially alluvial deposits, cannot be sampled by means of drilling. Drilling is used for stratigraphic information and to estimate thickness of overburden, gravel and the depth and nature of the bedrock.</p> <p>Bulk-sampling is completed in much the same manner as the production mining would be, except on a smaller scale. With positive results, bulk-sampling naturally progresses to trial-mining (and advanced technical studies), during which all of the modifying parameters are determined to allow a decision of whether to proceed to full production.</p> <p>Ruby recovery is dependent on mechanical recovery through standard heavy mineral separation techniques.</p> <p>All drilling has been completed using an Auger drill. All auger holes have been sampled for rubies and the presence of gravels noted. The composite samples size may vary depending on the length of the geological unit within the hole. The hole was logged, samples were collected in situ at the drill site and then washed and tested in the Bushman Jigs on site.</p> <p>Stratigraphic information has largely been obtained from limited pitting</p>
<i>Drilling techniques</i>	<ul style="list-style-type: none"> • <i>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).</i> 	<p>Auger drilling was carried out by Major Drilling Mozambique S.A. using a track mounted Hanjin, DB36 multi-purpose drill.</p> <p>Standard auger flights, capable of 1-2 metres of penetration and standard auger drill bits were utilized for the program.</p>
<i>Drill sample recovery</i>	<ul style="list-style-type: none"> • <i>Method of recording and assessing core and chip sample recoveries and results assessed.</i> • <i>Measures taken to maximise sample recovery and ensure representative nature of the samples.</i> • <i>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.</i> 	<p>Composite soil samples over 1m intervals are collected with maximum sample recovery.</p> <p>Samples are collected and lifted from the auger flights. Care is taken to ensure that the material lifted is not due to the material falling back into the hole.</p> <p>Details regarding bulk-sampling is presented in Section 5.</p>

Criteria	JORC Code Explanation	MUS Commentary
Logging	<ul style="list-style-type: none"> • 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. 	<p>All excavated faces of the pits (stratigraphic pits and sample trenches) are logged and photographed.</p> <p>Logging is semi-quantitative with stratigraphic and lithological units described and thicknesses noted.</p>
Sub-sampling techniques and sample preparation	<ul style="list-style-type: none"> • 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. • 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. 	<p>All the auger holes are logged geologically by Mustang's geologists</p> <p>The bulk sampling program is industry standard for low-grade alluvial/elluvial deposits.</p> <p>As a result, of generally all low grades associated with alluvial and elluvial systems, representative bulk-sample sizes must be large – in the range of tens- to hundreds of thousands of cubic metres.</p> <p>As at 9 September 2017, the total bulk-sample size that has been processed and washed on site is 81,679m³. This sample size is not considered to be sufficient to estimate Mineral Resources but is appropriate to report Exploration Results, simply to identify the presence of rubies.</p>
Quality of assay data and laboratory tests	<ul style="list-style-type: none"> • 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 	<p>All holes are logged geologically. All gravel samples are collected and washed through the Bushman Jigs on site.</p> <p>Due to the nature of precious stones in an alluvial/elluvial deposit, samples are not taken for assay as would be normal for precious or base metal prospects. Consequently, no samples are dispatched to any analytical or testing laboratories. Further, sample splitting and reduction methods were not employed.</p> <p>All the geological exploration samples are processed through the Bushman Jigs on site.</p>

Criteria	JORC Code Explanation	MUS Commentary
	<p><i>whether acceptable levels of accuracy (ie lack of bias) and precision have been established.</i></p>	<p>The bulk-sampling conducted up until 15 November 2017 was processed through a plant on site whereby the material is fed into a scrubber and two 16-foot pans with the concentrate being fed into the glove boxes for the picking of the rubies.</p> <p>As at May 2017, a new plant was commissioned which is described in detail in Section 5 below.</p> <p>Since the samples were processed through the Company plant, Mustang personnel (and independent Competent Persons) were involved from the excavation of the gravels through to the final recovery of the rubies.</p>
<p><i>Verification of sampling and assaying</i></p>	<ul style="list-style-type: none"> • <i>The verification of significant intersections by either independent or alternative company personnel.</i> • <i>The use of twinned holes.</i> • <i>Documentation of primary data, data entry procedures, data verification, data storage (physical and electronic) protocols.</i> • <i>Discuss any adjustment to assay data.</i> 	<p>All drill holes are logged on paper at the drill site and then entered onto the site's office computer.</p> <p>No twinning of holes has been undertaken in this program</p> <p>The ruby distribution pattern (grade) of alluvial deposits is such that there is limited repeatability of bulk-sample results, even from adjacent samples of tens of thousand cubic metres in size. Consequently "check-samples" such as are standard in the precious and base-metal industries, are not possible.</p> <p>All exploration data is entered into a sampling database which is QA/QC'd by the Project Geologist (the database is currently GIS based). Data is stored both on-site as well as at the Company's office in Pretoria, RSA.</p>
<p><i>Location of data points</i></p>	<ul style="list-style-type: none"> • <i>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.</i> • <i>Specification of the grid system used.</i> • <i>Quality and adequacy of topographic control.</i> 	<p>Pitting sites and auger hole collars were recorded and subsequently located using a hand held Garmin GPS (GPSMap64S). These handsets have an inherent accuracy variance of 7m in the X and Y dimension. The vertical/elevation dimension (Z) of handheld instruments is not reliable and is hence not reported.</p> <p>The Company is using the UTM WGS 84 – Zone 37s grid system.</p> <p>Currently, topographic control is based on available 1:250,000 topographic maps. As the program progresses, elevation data will be provided by professional survey.</p>
<p><i>Data spacing and distribution</i></p>	<ul style="list-style-type: none"> • <i>Data spacing for reporting of Exploration Results.</i> 	<p>The tight spaced auger holes were spaced on a 50m x 50m grid around the bulk-sampling pits. Moving away from the pits, the sampling lines</p>

Criteria	JORC Code Explanation	MUS Commentary
	<ul style="list-style-type: none"> • <i>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.</i> • <i>Whether sample compositing has been applied.</i> 	<p>moved to a 200m by 400m spacing, on 4143L and 5030L towards the SE of the concession.</p> <p>Bulk-samples are not taken along a systematic grid, neither are they sited to intersect specific areas of high or low grade. The key reasons for this are:</p> <ul style="list-style-type: none"> • The large size of the individual samples. • The anticipated mining plan for the gravels is based on high volumes and, therefore, the samples have to address average recoveries. Consequently, samples are not sited so as to intersect areas of anticipated higher (or lower) grade. <p>The sampling to date is not considered representative of the deposit and significantly more (and larger) samples will need to be taken before a Mineral Resource can be estimated.</p> <p>The reconnaissance sample results have not been composited, but are presented on a pit by pit basis.</p>
<p><i>Orientation of data in relation to geological structure</i></p>	<ul style="list-style-type: none"> • <i>Whether the orientation of sampling achieves unbiased sampling of possible structures and the extent to which this is known, considering the deposit type.</i> • <i>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.</i> 	<p>The stratigraphic pitting completed to date and all drilling is considered as reconnaissance exploration data which will assist in determining the extent and orientation of the gravel units.</p> <p>Insufficient data currently exists to determine whether sample bias is present.</p>
<p><i>Sample security</i></p>	<ul style="list-style-type: none"> • <i>The measures taken to ensure sample security.</i> 	<p>Since the grades expected on alluvial/elluvial deposits are so low and the sampling is all mechanised, it is extremely improbable that rubies will be picked up during the excavation process or at the plant stockpile. However, security has been employed at the sample pit to prevent the presence of artisanal miners.</p> <p>At the plant site, security is limited due to caging around the processing pans; as the operation progresses and volumes are increased, cages will also be installed around conveyor feeder belts.</p>

Criteria	JORC Code Explanation	MUS Commentary
		It is only at the final-recovery glove-box house that sample security becomes a significant issue, where operations are monitored by Company security personnel.
<i>Audits or reviews</i>	<ul style="list-style-type: none"> <i>The results of any audits or reviews of sampling techniques and data.</i> 	No external audits have been undertaken for this stage of work.

Section 2. Reporting of Exploration Results

Criteria	Explanation	MUS Commentary
<i>Mineral tenement and land tenure status</i>	<ul style="list-style-type: none"> <i>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.</i> <i>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.</i> 	<p>Ownership of land and mineral rights in Mozambique is vested in the State. Companies may apply for Prospecting and Exploration or Mining Licences from the Minister of Mineral Resources and Energy. The issue of any licence is contingent on compliance with environmental regulations and risk management as well as the provision of a socio-economic upliftment program.</p> <p>Obligations for holders of Prospecting and Exploration Licences include the submission of an annual report, an investment plan, a work plan and a proposed budget.</p> <p>Mustang's Montepuez Ruby Project covers three Prospecting and Exploration Licences - 5030L (14,047.4 ha), 4258L (503.08 ha), 8245L and Mining Concession 8921C (which replaces 4143L) covering 2,012.27 ha) as measured on the Company's GIS System.</p> <p>An Exploration Licence allows for the exploration and prospecting (including bulk-sampling) of mineral resources but not exploitation. Licences are valid for up to five years but can be extended for up to three further years on application to the Minister of Mineral Resources. After eight years (or sooner), the Prospecting and Exploration Licence can be converted into a Mining Concession or Lease or a new licence must be applied for.</p> <p>All the licences within the Montepuez Ruby Project are either in their first term or applications for their renewal submitted for a further 3 years upon expiry of the initial term.</p>

Criteria	Explanation	MUS Commentary
		<p>Mustang has been granted a Mining Concession for 25 years over the area previously covered by Exploration and Prospecting Licence 4143L.</p>
<p><i>Exploration done by other parties</i></p>	<ul style="list-style-type: none"> <i>Acknowledgment and appraisal of exploration by other parties.</i> 	<p>No prior exploration work has been 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 magnetic and radiometric geophysical surveys flown over the region by the Government of Mozambique.</p>
<p><i>Geology</i></p>	<ul style="list-style-type: none"> <i>Deposit type, geological setting and style of mineralisation.</i> 	<p>The Project Area lies within the structurally deformed and metamorphic terrane known as the Mozambique Belt or East African Orogen (EAO, mountain building event). The EAO represents a belt of sedimentary and volcanic rocks formed around 2.5Ga and younger in age that were deposited in a series of depositional basins and or seas between a sequence of ancient sialic (granitic/Si and Al rich) crustal nuclei of Archean age (around 3.5Ga) old primordial crust.</p> <p>The Montepuez Complex forms a wedge-shaped unit of strongly deformed para- and orthogneisses between Montepuez, Chiúre and Namuno. The Montepuez Complex comprises orthogneisses, ranging from granitic to amphibolitic in composition, and paragneisses, comprising mainly quartzites, meta-arkoses, marbles, quartz-feldspar, gneisses and biotite gneisses.</p>

Criteria	Explanation	MUS Commentary
<i>Drill hole Information</i>	<ul style="list-style-type: none"> • <i>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:</i> <ul style="list-style-type: none"> • <i>easting and northing of the drill hole collar</i> • <i>elevation or RL (Reduced Level – elevation above sea level in metres) of the drill hole collar</i> • <i>dip and azimuth of the hole</i> • <i>down hole length and interception depth</i> • <i>hole length.</i> • <i>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.</i> 	<p>Auger results are used, primarily, to define the presence of gravel units and to estimate their thicknesses, which data will, in conjunction with localised pitting and bulk sampling, eventually be used in the estimation of Resource volumes. The extent of the pitting to date is such that the true dips of the secondary horizons cannot be determined at this stage.</p> <p>No details are provided for the reconnaissance pits as they have not been used for the purposes of volume estimation. At this stage, the pits have been excavated simply as a means of understanding the local geology.</p>
<i>Data aggregation methods</i>	<ul style="list-style-type: none"> • <i>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.</i> • <i>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.</i> • <i>The assumptions used for any reporting of metal equivalent values should be clearly stated.</i> 	<p>Data aggregation methods are not, typically, applicable to alluvial/elluvial ruby deposits. All results are shown as obtained.</p> <p>Insufficient data has been obtained to estimate grade and/or ruby value at present.</p>

Criteria	Explanation	MUS Commentary
<i>Relationship between mineralisation widths and intercept lengths</i>	<ul style="list-style-type: none"> • <i>These relationships are particularly important in the reporting of Exploration Results.</i> • <i>If the geometry of the mineralisation with respect to the drill hole angle is known, its nature should be reported.</i> • <i>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').</i> 	Pitting results are used, primarily, to define the presence of gravel units and to estimate their thicknesses, which data will, in conjunction with auger drilling and bulk sampling. Eventually this information will be used in the estimation of Resource volumes. The extent of the pitting to date is such that the true dips of the secondary horizons cannot be determined at this stage.
<i>Diagrams</i>	<ul style="list-style-type: none"> • <i>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.</i> 	Appropriate scale map and plans with scale and north points are included in the announcement.
<i>Balanced reporting</i>	<ul style="list-style-type: none"> • <i>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.</i> 	All available exploration results have been reported.
<i>Other substantive exploration data</i>	<ul style="list-style-type: none"> • <i>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.</i> 	<p>Regional geological mapping and regional airborne geophysics (magnetics and radiometrics) have been obtained from the Mozambican Government.</p> <p>The geophysics datasets are continually being used to aid in interpretations and plan drill hole program collar locations.</p> <p>Bulk-sampling is described in Section 5.</p>

Criteria	Explanation	MUS Commentary
Further work	<ul style="list-style-type: none"> • <i>The nature and scale of planned further work (e.g tests for lateral extensions or depth extensions or large-scale step-out drilling).</i> • <i>Diagrams clearly highlighting the areas of possible extensions, including the main geological interpretations and future drilling areas, provided this information is not commercially sensitive.</i> 	<p>The results to date simply identify the presence of ruby in the alluvial gravel intercepts on 4143L (now 8921C), 5030L& 8245L</p> <p>A prospecting program has been drawn up, which is planned to culminate in the estimation of Mineral Resources present on the property. The program is planned to include both drilling and representative bulk-sampling.</p> <p><u>Drilling</u></p> <p>Currently, Phase 2A comprises plans for some 2,400m of auger drilling to identify bedrock variation, gravel distribution and Resource estimation.</p> <p>Further, the gravel from the pits will be characterised to determine what additional exploration techniques might be applied.</p> <p><u>Bulk-sampling</u></p> <p>As at 15 November 2017, the sixth cut of Alpha deposit had been excavated to identify the presence of ruby/corundum. Four cuts of Pit 224 and one cut of Pit 117 has been excavated. Pit LM01 to LM07 has been excavated. The material being sampled to date consists of shallow gravels, between 0.2 and 1.7m in depth. Each cut has sampled the colluvial gravels including at least 1m above the gravel layer and 0.5m of the underlying bedrock. Material from the first cuts still needs to be processed before a representative grade and ruby value can be obtained.</p>

Section 5: Estimation and Reporting of Diamonds and Other Gemstones.

Criteria	Explanation	MUS Commentary
<i>Indicator minerals</i>	<i>Reports of indicator minerals, such as chemically/physically distinctive garnet, ilmenite, chrome spinel and chrome diopside, should be prepared by a suitably qualified laboratory.</i>	Indicator minerals have not been sampled for and no reports have been prepared as such minerals are not applicable to alluvial ruby deposits.
<i>Source of diamonds/gemstones</i>	<i>Details of the form, shape, size and colour of the diamonds/gemstones and the nature of the source of diamonds/gemstones (primary or secondary) including the rock type and geological environment.</i>	<p>As at 15 November 2017 a total of 74,089 carats have been recovered from the bulk sample pits, no official ruby studies have been undertaken yet. However, studies are currently underway.</p> <p>The rubies have been recovered from a sheet flow environment. The gravel horizon being sampled at the Alpha Deposit is not typically alluvial in nature but more of a colluvium. The colluvial gravels consist of loose unconsolidated material.</p> <p>The current (conceptual) geological model anticipates that the primary source to the rubies will be amphibolites located in the Montepuez area. The nature and exact location of the primary source(s) of the alluvial rubies is not entirely germane to the project and will not form the focus of current investigations.</p>
<i>Sample collection</i>	<ul style="list-style-type: none"> <i>Type of sample, whether outcrop, boulders, drill core, reverse circulation drill cuttings, gravel, stream sediment or soil, and purpose (e.g. large diameter drilling to establish stones per unit of volume or bulk samples to establish stone size distribution).</i> <p><i>Sample size, distribution and representivity.</i></p>	<p>The reconnaissance samples have been small samples designed simply to establish the presence of rubies in the different gravel units. These will be expanded (in size and number) in order to estimate grade, value and stone size distribution and relevant confidence levels.</p> <p>As at 15 November 2017, the total bulk-sample size that has been processed and washed on site is 133,781 m³. This material has been processed from the bulk sampling pits, namely Alpha Deposit (also known as Pit 21), EXPIT 117ET, Pit 224 and Pit LM01, LM04 and LM06 and, as such, the results are not considered representative.</p>

Criteria	Explanation	MUS Commentary
<p><i>Sample treatment</i></p>	<ul style="list-style-type: none"> • <i>Type of facility, treatment rate, and accreditation.</i> • <i>Sample size reduction. Bottom screen size, top screen size and re-crush.</i> • <i>Processes (dense media separation, grease, X-ray, hand-sorting, etc.).</i> • <i>Process efficiency, tailings auditing and granulometry.</i> <p><i>Laboratory used, type of process for micro diamonds and accreditation.</i></p>	<p>Gravel samples intercepted during drilling have been washed and sorted separately. These samples have all been derived from the gravel layers intercepted while auger drilling.</p> <p>Bulk-samples cannot be processed at a laboratory – but are processed on site, through the Mustang plant, by Mustang personnel.</p> <p>The gravel is excavated using a hydraulic excavator and transported to site by a dump-truck. The sample area visually inspected and all gravels are excavated to bedrock (where the bedrock is friable, the sample includes some 10-15cm of bedrock to ensure collection of gravel and rubies that may have penetrated the bedrock).</p> <p>Excavation of the bulk sample area was carried out utilizing a 45 ton Hitachi Zaxis 470 excavator and two to three 27 ton ADT7. All of the overburden for cut 1 and the cut 1 extension was dumped immediately adjacent to the pit.</p> <p>Sample pits are measured and logged (with measuring tape by the geological staff) to estimate volumes and keep records of the material intercepted.</p> <p>The material is fed into Bushman Jigs. The action of the Bushman Jigs results in the lighter material being suspended and the denser material settling into the centre of the jig sieves. The sieve fractions are +14mm, -14+10mm, -10+8mm, -8+6mm, -6+4mm, -4+2mm. Each sieve is hand-sorted separately by two sorters in the presence of a security guard.</p> <p>Processing plant currently, before commission of the new plant:</p> <ul style="list-style-type: none"> 1 x Grizzly screen, 1 x Double decker sizing screen 2 x 16-foot rotary pan plant 1 x Classifier 2 x De-watering screens 1 x Glove box <p>The entire gravel sample (-20+2mm fraction) is processed. Rubies smaller than 2mm have very little commercial potential and their loss is not an issue.</p>

Criteria	Explanation	MUS Commentary
Carat	<i>One fifth (0.2) of a gram (often defined as a metric carat or MC).</i>	Metric carats (“ct”) have been used throughout this document.
Sample grade	<ul style="list-style-type: none"> • <i>Sample grade in this section of Table 1 is used in the context of carats per units of mass, area or volume.</i> • <i>The sample grade above the specified lower cut-off sieve size should be reported as carats per dry metric tonne and/or carats per 100 dry metric tonnes. For alluvial deposits, sample grades quoted in carats per square metre or carats per cubic metre are acceptable if accompanied by a volume to weight basis for calculation.</i> <p><i>In addition to general requirements to assess volume and density there is a need to relate stone frequency (stones per cubic metre or tonne) to stone size (carats per stone) to derive sample grade (carats per tonne).</i></p>	Insufficient data has been recovered to estimate sample grades or ruby size frequency distribution, as yet.
Reporting of Exploration Results	<ul style="list-style-type: none"> • <i>Complete set of sieve data using a standard progression of sieve sizes per facies. Bulk sampling results, global sample grade per facies. Spatial structure analysis and grade distribution. Stone size and number distribution. Sample head feed and tailings particle granulometry.</i> • <i>Sample density determination.</i> • <i>Per cent concentrate and undersize per sample.</i> 	<p>As at 15 November 2017, 74,089 carats had been recovered (with a bottom cut-off size of 2mm). All the rubies have, thus far, been recovered from the colluvial gravel unit.</p> <p>The current sample is considered too small to complete any sort of analysis. This will be reported when an appropriate size ruby sample has been recovered in the near future.</p>

Criteria	Explanation	MUS Commentary
	<ul style="list-style-type: none"> • <i>Sample grade with change in bottom cut-off screen size.</i> • <i>Adjustments made to size distribution for sample plant performance and performance on a commercial scale.</i> • <i>If appropriate or employed, geostatistical techniques applied to model stone size, distribution or frequency from size distribution of exploration diamond/gemstone samples.</i> <p><i>The weight of diamonds/gemstones may only be omitted from the report when the diamonds/gemstones are considered too small to be of commercial significance. This lower cut-off size should be stated.</i></p>	
<p><i>Grade estimation for reporting Mineral Resources and Ore Reserves</i></p>	<ul style="list-style-type: none"> • <i>Description of the sample type and the spatial arrangement of drilling or sampling designed for grade estimation.</i> • <i>The sample crush size and its relationship to that achievable in a commercial treatment plant.</i> • <i>Total number of diamonds/gemstones greater than the specified and reported lower cut-off sieve size.</i> • <i>Total weight of diamonds/gemstones greater than the specified and reported lower cut-off sieve size.</i> <p><i>The sample grade above the specified lower cut-off sieve size.</i></p>	<p>Mineral Resources and/or Ore Reserves have not yet been estimated for this project.</p>
<p><i>Value estimation</i></p>	<ul style="list-style-type: none"> • <i>Valuations should not be reported for samples of diamonds/gemstones processed using total liberation method, which is commonly used for processing exploration samples.</i> 	<p>The ruby sample recovered to date is considered too small to be representative in terms of value and no such valuations have yet been undertaken.</p>

Criteria	Explanation	MUS Commentary
	<ul style="list-style-type: none"> • <i>To the extent that such information is not deemed commercially sensitive, Public Reports should include:</i> <ul style="list-style-type: none"> ○ <i>Diamonds/gemstones quantities by appropriate screen size per facies or depth.</i> ○ <i>details of parcel valued.</i> ○ <i>number of stones, carats, lower size cut-off per facies or depth.</i> • <i>The average \$/carat and \$/tonne value at the selected bottom cut-off should be reported in US Dollars. The value per carat is of critical importance in demonstrating project value.</i> • <i>The basis for the price (e.g. dealer buying price, dealer selling price, etc.).</i> <p><i>An assessment of diamond/gemstone breakage.</i></p>	
<p><i>Security and integrity</i></p>	<ul style="list-style-type: none"> • <i>Accredited process audit.</i> • <i>Whether samples were sealed after excavation.</i> • <i>Valuer location, escort, delivery, cleaning losses, reconciliation with recorded sample carats and number of stones.</i> • <i>Core samples washed prior to treatment for micro diamonds/gemstones</i> • <i>Audit samples treated at alternative facility.</i> • <i>Results of tailings checks.</i> • <i>Recovery of tracer monitors used in sampling and treatment.</i> • <i>Geophysical (logged) density and particle density.</i> 	<p>All rubies are weighed, sealed and stored in a Category 4 safe on site. The site is secured by electric fencing and security guards are present 24/7. When transported from site to other locations (e.g. Thailand) it is done in sealed parcels with documented parcel numbers. Receipt of a parcel is signed form by the recipient and cross-checked with the source records that are meticulously kept.</p> <p>Bulk-samples are not processed at an alternative facility. No audit of tailings has yet taken place – concentrated tailings are returned to the pit for rehabilitation.</p> <p>The Bushman Jig and processing plant efficiencies are monitored using industry standard tracer tests.</p>

Criteria	Explanation	MUS Commentary
	<ul style="list-style-type: none"> • <i>Cross validation of sample weights, wet and dry, with hole volume and density, moisture factor.</i> 	
Classification	<ul style="list-style-type: none"> • <i>In addition to general requirements to assess volume and density there is a need to relate stone frequency (stones per cubic metre or tonne) to stone size (carats per stone) to derive grade (carats per tonne). The elements of uncertainty in these estimates should be considered, and classification developed accordingly.</i> 	The uncertainty of the project is such that only Exploration Results are presented as conceptual Exploration Targets.