



COMPANY INFORMATION

Mustang Resources Ltd

ABN 34 090 074 785

ASX Code: MUS

Current Shares on Issue:

772,252,996

Market Capitalisation:

\$26.2M as at 22 November 2017

COMPANY DIRECTORS

Ian Daymond
Interim Executive Chairman

Cobus van Wyk
Director

Peter Spiers
Director

Christiaan Jordaan
Director

24 November 2017

CHAIRMAN'S 2017 AGM ADDRESS

Ladies and Gentlemen

I welcome you all here today in my recently altered role of Interim Executive Chairman pending the appointment of a new Managing Director.

I wish to acknowledge and thank my fellow Director Christiaan Jordaan for his sterling and unceasing efforts as Managing Director from February 2016 until 13 November this year. He serves as Non-Executive Director now.

Cobus van Wyk, Director who heads our operations team in Mozambique is here today. Peter Spiers Non-Executive Director gives his apologies as he is currently overseas.

As stated in my Letter to you in the Annual Report this year your Company has achieved some outstanding milestones in 2017.

Montepuez Ruby Project

The Montepuez Ruby Project in Mozambique, although still very much in the exploration stage, made significant advances during the year.

Reconnaissance exploration activities commenced on the ruby project close to the start of the financial year and the discovery of the first significant secondary ruby deposit was announced in August 2016 at the Alpha Prospect. The Company moved quickly and cost effectively to establish a bulk sampling plant and first ruby production was announced only two months later in October 2016.

The bulk sampling plant was subsequently expanded, challenges were overcome in securing water supplies and dealing with clay content. The ramp-up in the processing was successful, as was the implementation of the artisanal miner development program.

Mustang acquired a new and highly prospective ruby permit in February 2017 and subsequent exploration led to discovery of further ruby mineralisation in the LM area. Bulk sampling commenced in the LM series pits only in June of this year yielding higher grades than those recorded in the Alpha series pits. Bulk sample production records were then set during the months of August and September this year with total production of 41,906.80 carats recorded for those two months.

The advancement of the ruby project required funding and during the year the Company completed a number of capital raisings. In December 2016 the Company raised \$2.8 million gross through a share placement at 2.1 cents. The Company raised \$5.88 million gross in February 2017 from professional and sophisticated investors at 7.7 cents per share.

An \$8.5 million funding package in the form of convertible notes was obtained from a leading international investor in October 2017 and these were fully drawn down. All notes have now been converted.

The Company continued to build a ruby inventory particularly in the second half of the financial year sourced from both the bulk sampling program and the artisanal miner development program.

As progressively announced in the lead-up to the auction in Mauritius at the end of October this year, the initial target of 200,000 carats was exceeded significantly and the Company's total inventory climbed to around 405,000 carats by the time of the auction.

Prices to be obtained from the auction of precious stones cannot by their very nature be predicted or guaranteed. The auction was the first real market test the Company had to determine the value of the carats with such varying qualities in the inventory for sale. Much secrecy and commercial sensitivities prevail in the opaque ruby business around the world. Although considerable market research was done, it is fair to admit that the Company's own hopes for the auction results did not materialise. However, the considerable unsold inventory and additions to inventory from stockpile processing are intended to be sold by way of private sales and smaller auctions in coming months. This is work-in-progress.

The Company remains optimistic about the global demand for rubies despite the clear barriers to entry for the market we have encountered. As announced, there have been some operational cutbacks in the light of the auction results however we are hopeful these cutbacks and suspensions will be temporary. We are not deterred by the initial auction result and are determined to demonstrate that the ruby project can be a commercially viable one, and with potential to grow in size. I seek shareholder support for the Board and Management so we can continue the hard work.

Caula Graphite Project

In the past year, we have also made great strides with our 80% owned Caula Graphite Project, part of the Balama Graphite Project in Mozambique.

It was only in March this year that results from the first phase of diamond drilling indicated Caula to be a very exciting discovery with high grade intersections up to 87 metres at 15.2% Total Graphitic Carbon.

Subsequent to the end of the financial year, the Caula Project was further advanced with positive metallurgical results indicating potential for high grade concentrates and high metallurgical recoveries through conventional processing routes and, importantly, a high proportion of large flake sizes which are keenly sought by customers.

Most recently, we announced a maiden Inferred Mineral Resources of 5.4 million tonnes at 13% TGC (at a 6% cut-off) with contained graphite of 702,600 tonnes, making it one of the highest grade graphite deposits in the world. We plan to spend \$500,000 in the near future on a further drilling program at Caula with the aim of increasing and upgrading the resource.

A further announcement will be made as results of that drilling program come to hand.

Appointment of Non-Executive Director

In May 2017, the Company welcomed Peter Spiers as a Non-Executive Director. Peter has already made a significant contribution to the Board with his geological, exploration and mine development experience, combined with his commercial skills.

Management and Staff

Thanks in particular go to Mustang's management team, exploration staff and consultants and contractors in Mozambique who have been so dedicated and hard-working over the past year in achieving key milestones on operational levels in such a short period of time.

We have commenced the search of a new Managing Director but expect that this will take several months. In the meantime, each of your Directors is stepping up to the plate, taking on additional duties and responsibilities and in an endeavour to do our best to contain costs in coming months.

The Future

Your Company is moving ahead, despite the recent setback. Our assets, including our management, remain intact and we are determined to add value to them in the future.

I thank shareholders for their support over the past year and the Company looks forward to further announcements about our progress at the Montepuez and Caula projects.



Ian C Daymond
Interim Executive Chairman

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.

