



**MUSTANG**  
— RESOURCES LTD —

8 January 2018

## **MUSTANG SECURES \$19.95 MILLION FUNDING PACKAGE FROM LEADING INSTITUTIONAL INVESTOR**

*Funding in conjunction with a one for five non-renounceable entitlement issue to existing shareholders to fund the further development of the Montepuez Ruby and Caula Graphite Projects*

### **Key Points**

- **Arena Investors LP, a major US institutional investor with more than US\$750 million in assets under management on behalf of its clients and affiliates, commits to invest net A\$19.95 million in Mustang under a multi-tranche convertible note facility**
- **Funds to be drawn down in seven tranches with the first tranche of A\$1.9 million (subject to conversion restrictions) to be received on signing the convertible note deed**
- **Follow on tranche of A\$3.8 million (subject to shareholder approval) available to the Company in May 2018**
- **Balance of A\$14.25 million will be available in five further draw-downs of A\$2.85 million over two years, subject to shareholder approval**
- **Opportunity for existing shareholders to participate through a one for five non-renounceable entitlement issue at 2.6 cents per share to raise up to A\$4 million**
- **Funding arrangement ensures that Mustang is financed for further planned exploration and development work on its Montepuez Ruby and Caula Graphite Projects in Mozambique**

### **COMPANY INFORMATION**

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

Current Shares on Issue:  
767,937,324  
Market Capitalisation:  
\$24M as at 5 January 2018

### **COMPANY DIRECTORS**

Ian Daymond  
Interim Executive Chairman

Christiaan Jordaan  
Director

Cobus van Wyk  
Director

Twitter: @Mustang\_Res  
[mustangresources.com.au](http://mustangresources.com.au)

Mustang Resources (**ASX: MUS**) is pleased to announce that it has secured a A\$19.95 million funding facility under a convertible note facility (**Convertible Note Deed**) with a leading US institutional investor.

The Convertible Note Deed, with convertible notes having a face value of A\$21 million, has been signed with Arena Investors LP (**Arena**), a US-based institutional investor with more than US\$750 million in assets under management on behalf of its clients and affiliates.

Under the terms of the Convertible Note Deed, Arena has agreed to invest up to a net A\$19.95 million (face value A\$21 million) through an unsecured convertible note facility, to be drawn-down in seven separate tranches as follows:

- A\$1.9 million (face value A\$2 million) to be received upon signing of the Convertible Note Deed (with notes subject to conversion restrictions) with the convertible note to be issued (together with any shares issuable upon conversion) under the Company's existing placement capacity;
- A\$3.8 million (face value A\$4 million) (subject to shareholder approval) for the follow on tranche which may be drawn by the Company 4 months after the first tranche issue date; and
- A\$2.85 million (face value A\$3 million) (subject to shareholder approval) for each of the remaining five tranches, with 3 to 4 months minimum between draw downs thereof.

Each tranche has an 18-month term.

The Company today also announces that it will also be offering shareholders a one-for-five (1:5) non-renounceable rights issue to eligible Shareholders on the designated record date (to be confirmed) to raise up to approximately A\$4 million (before costs) at an offer price of 2.6 cents per share (**Entitlement Issue**).

Mustang Executive Chairman Ian Daymond said:

"The funding arrangement and the proposed Entitlement Issue will provide the Company with the assurance of substantial capital to continue the development of its Montepuez Ruby Project and the ability to accelerate the advancement of the high grade Caula Graphite Project in northern Mozambique.

"We are very pleased to receive further support in the form of this facility from Arena and look forward to delivering results from the investment of the fresh capital for the benefit of all shareholders."

## **Entitlement Issue**

The Entitlement Issue provides the opportunity for eligible shareholders as at the record date (to be advised) to subscribe for one (1) new Share, at 2.6 cents per Share, for every five (5) Shares held on the record date.

As the Entitlement Issue is non-renounceable, the rights cannot be transferred or sold. Up to approximately 153.58 million Shares may be issued pursuant to the Entitlement Issue. Shares issued under the Entitlement Issue will rank equally with Shares which the Company currently has on issue. The Entitlement Issue is not underwritten and directors will retain the right to place any shortfall on the same terms.

Further details of the Entitlement Issue, including details of the timetable and key risks of the Entitlement Issue will be set out in an Offer Document which will be lodged with ASIC as soon as practicable, released to the ASX and available on the Mustang website at <http://www.mustangresources.com.au>

## About Arena

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).

Jett Capital Advisors LLC acted as advisor to the convertible note facility.

### Additional Key Terms of the Arena Convertible Note Facility:

The convertible notes under the Convertible Note Deed will be issued at 95% of face value, and are redeemable at par at maturity. All conditions precedent for the first convertible note tranche under the Convertible Note Deed have been satisfied. The conversion of the first tranche of convertible notes is subject to a floor price of 1.8 cents per Share, and the issue of such shares is capable of being issued under the Company's existing placement capacity under the ASX Listing Rules. In addition, the convertible note is subject to a 50% conversion restriction for a period of one calendar month.

The drawdown of the remaining tranches is subject to the satisfaction of the following conditions precedent:

- (a) the Company providing evidence that it has sufficient capacity or the necessary shareholder approvals for the issue and conversion of the convertible notes in accordance with the Convertible Note Deed terms as well as for the exercise of the options to be issued to Arena (subject to shareholder approval);
- (b) the market capitalisation of the Company being at least A\$12.3 million;
- (c) the Company confirming at the time that no event of default (as defined in the Convertible Note Deed) has occurred and is continuing at the time of the issue of the relevant tranche; and
- (d) the Company confirming at the time that no material adverse event or change of control (as defined in the Convertible Note Deed) has occurred or is likely to occur at the time of the issue of the relevant tranche.

Should the Company fail to draw any portion or all of the Follow on Tranches prior to the 2 year anniversary of the Closing Date, or to obtain any required shareholder approvals for the transaction, the Company shall make a Termination Payment to the Investor equal to 15% of the undrawn amount of the commitment.

The convertible notes attract interest at 11% per annum accruing on monthly balances and are payable in cash or shares with tranche one interest payable in cash only. The notes are convertible at variable strike prices based on the lowest 1-day VWAP of the 20 trading days prior to conversion. Tranche 1 is subject to a floor price of 1.8 cents per share. Upon conversion the Company may choose to either deliver shares or cash equal to the value of the shares.

The noteholder is also entitled to options, subject to shareholder approval, equal to 40% of the face value of the notes exercisable at a price equal to 130% of the 5 day VWAP prior to the date of issue of the respective notes, with a 3 year term.

A notice of meeting will be prepared and despatched to shareholders shortly seeking the relevant approvals for relevant issues of convertible notes under the Convertible Note Deed.

For and on behalf of the Board of Directors of the Company.



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.