



13 August 2018

Mustang Raises A\$2.4 million in Placement for Caula Vanadium-Graphite Project

HIGHLIGHTS

- **Mustang has received firm commitments for a total of AU\$2.4 million through a private share placement led by DJ Carmichael and Jett Capital**
- **Includes AU\$258,000 from Mustang management and Directors**
- **The funds raised will be used to advance the Company's Caula Vanadium-Graphite Project in Mozambique and for general working capital**

Mustang Resources Limited (**ASX:MUS**) (**FRA:GGY**) ("**Mustang**" or "**the Company**") is pleased to announce that it has received formal commitments to raise approximately AU\$2.4 million (before costs) via private placement ("**Placement**") to professional and sophisticated investors and some of the Company's directors. Of this amount AU\$2.18m will be completed through the issue of 158,660,844 million new shares at \$0.01374 per share. Of these new shares 138,636,844 will be issued under the Company's 7.1 placement capacity and 20,024,000 under the Company's 7.1A placement capacity.

The total amount raised includes AU\$258,000 from Mustang's management and directors with Regius Resources Group Ltd (majority owned by Mustang Chief Operating Officer Cobus van Wyk and Director Christiaan Jordaan) contributing AU\$200,000 for 14,556,040 new shares and Mustang Managing Director Dr. Bernard Olivier AU\$20,000 for 1,455,604 new shares. Participation by directors is subject to prior shareholder approval.

Funds raised pursuant to the Placement will be used principally to further develop the Company's Caula Vanadium-Graphite Project in Mozambique and for general working capital.

The Placement has been made to professional and sophisticated investors in Australia, Hong Kong and the United States, with DJ Carmichael and Jett Capital acted as the lead brokers in respect of the Placement.

The Company will also issue attaching options ("**Attaching Options**") on a 1:2 basis, exercisable at \$0.02, expiring 24 months from issue, which accords with the major Caula 24-month development milestones. The Company will seek quotation of the Attaching Options once issued. It should be noted that the issue of the Attaching Options is conditional on shareholder approval at a General Meeting expected to be held in late September 2018.

Settlement of the placement is expected to occur on or around 20 August 2018.

COMPANY INFORMATION

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

Current Shares on Issue:
997,692,269

Market Capitalisation:
\$15.96M as at 8 August 2018
@\$0.015 per share

COMPANY DIRECTORS

Ian Daymond
Chairman

Bernard Olivier
Managing Director

Cobus van Wyk
Chief Operating Officer

Christiaan Jordaan
Director

Evan Kirby
Director

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Mustang Resources Managing Director Bernard Olivier commented “This capital raise is important in the fast-tracked development of the Caula Vanadium-Graphite project in Mozambique where we have recently established a JORC Measured Resource of 22Mt @ 0.37% V₂O₅ and 13.4% TGC for 180Mlb of vanadium and 2.93Mt of graphite respectively. With the feasibility study drilling now well underway it is likely that the resource will be enlarged in the near future, and this placement plays an important role. We will update the market as soon as the drilling and scoping study results are available”.

MUSTANG INVESTMENT HIGHLIGHTS



Figure 1. Drilling at the Caula Vanadium-Graphite Project, August 2018

Caula Vanadium-Graphite Project demonstrates attractive fundamentals:

- Caula hosts a JORC (Measured) mica-hosted vanadium Resource of 22Mt @ 0.37% V₂O₅ (0.2% cut-off) for 81,600 tonnes of vanadium pentoxide (180 million pounds) with high grade intersections up to 1.9% V₂O₅¹
- Caula also hosts, within the same deposit, a JORC (Measured) graphite deposit of 21.9 Mt @ 13.4% TGC (8% cut-off) for 2,933,100 tonnes of contained graphite with high grade intersections up to 29% TGC²
- Metallurgical testwork confirms exceptional quality graphite with more than 63% of cumulative proportion in large to super jumbo flakes sizes (>180µm) and excellent concentrate grades of 97% to 98% TGC³

Caula resource likely to be significantly enlarged in the near term:

- The feasibility study drilling program on the Caula Vanadium-Graphite Project in Northern Mozambique is well advanced
- 3,025m of diamond drilling and 1,050m of reverse-circulation drilling planned for completion in Q3 2018⁴

¹ Refer to ASX Announcements dated 20 July 2018 and 27 June 2018

² Refer to ASX Announcement dated 24 July 2018 and 27 June 2018

³ Refer to ASX Announcement dated 25 June 2018

⁴ Refer to ASX Announcement dated 8 August 2018

Vanadium to deliver enhanced project economics:

- Caula's flowsheet design allows for integrated vanadium and graphite concentrate production mainly through simple flotation
- Caula vanadium hosted in roscoelite (a mica mineral), potentially simpler and cheaper to extract vanadium from than typical titano-magnetite ("VTM") vanadium deposits
- In the USA vanadium products were extracted from roscoelite in Colorado and Utah as early as 1910 making the USA the largest vanadium producer in the world by 1941⁵

MUS intending to fast-track Caula development:

- Mustang's strategy is to produce a Scoping Study in September 2018 with a view to further development work for a Pre Feasibility Study ("PFS") by end of Q4 2018 and upgrading to a Definitive Feasibility Study in Q1 2019
- Mustang is targeting phase 1 trial mining to produce vanadium and graphite concentrates in H2 2019⁶

Montepuez Ruby Project merged with Fura Gems Inc. (TSX.V:FURA):

- Strategic transaction with Fura announced in July 2018 for A\$10 million of Fura shares plus A\$25 million spending commitment by Fura on the ruby assets over 3 years⁷
- Allows Mustang to focus all capital and management time on the Caula Vanadium-Graphite project while retaining upside potential (fully funded) for the Montepuez Ruby Project

Mozambique an attractive investment destination:

- A relatively low sovereign risk profile in Mozambique with established legal and business framework has attracted significant investment into minerals projects in recent years

Strong board and management team:

- Mustang's board and operational management team have a strong 15 year+ track record of experience in developing mining projects in Africa (including graphite and vanadium experience) that the Company believes will prove valuable in the successful development of its Caula Vanadium-Graphite project
- Importantly, a number of key personnel are embedded in the country and in the southern African region

Information relevant to Listing Rule 7.1A

In accordance with Listing Rule 3.10.5A, the Company makes the following disclosures:

- (a) the interests of existing shareholders will be diluted by approximately 3% by the issue of shares under Listing Rule 7.1A;
- (b) the placement was determined by the Directors to be the most efficient manner in which the Company could raise the funds needed to meet the needs of the Company and to bring in new sophisticated and professional investors into the Company. A pro rata issue was not considered appropriate at the time given the time required to complete the pro rata issue;

⁵ Vanadium the new green metal. Mineral deposits in the Colorado Plateau. Hammond, AD. December, 2013. Mining Engineering Magazine

⁶ Refer to ASX Announcement dated 21 March 2018

⁷ Refer to ASX Announcement dated 17 July 2018

- (c) no underwriting agreement was entered into in relation to the Placement; and
- (d) the Company will pay DJ Carmichael and Jett Capital a fee of 6% of the funds raised under the Placement, together with 87.3 million options in the Company (subject to the receipt of shareholder approval for the issue of those options).

For and on behalf of the Board



Dr. Bernard Olivier
Managing Director

FOR FURTHER INFORMATION, PLEASE CONTACT:

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Mustang confirms that it is not aware of any new information or data that materially affects the information included in the original market announcements referenced throughout this announcement and that all material assumptions and technical parameters underpinning the estimates in the relevant market announcement continue to apply and have not materially changed. Mustang confirms that the form and context in which the Competent Person's findings are presented have not been materially modified from the original market announcement.

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 2018⁸ 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.

⁸ Refer to ASX Announcements dated 20 July 2018 and 24 July 2018 respectively

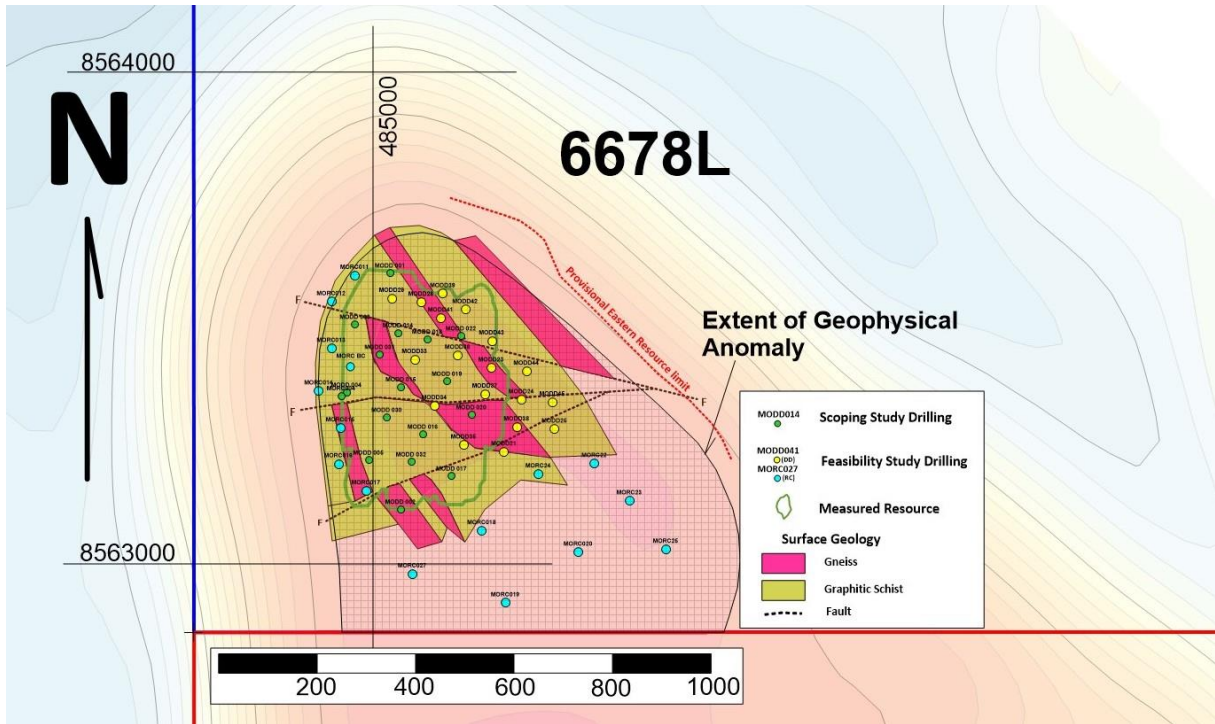


Figure 2. Mustang's Caula Vanadium-Graphite Project

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.

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.