



# ANNOUNCEMENT

## COMPANY INFORMATION

Mustang Resources Ltd  
ABN 34 090 074 785  
ASX Code: MUS  
Current Shares on Issue:  
155,880,598  
Market Capitalisation  
\$10.91M as at 28 April 2016

## COMPANY DIRECTORS

Ian Daymond : Chairman  
Christiaan Jordaan: MD  
Cobus van Wyk : Director  
Frank Petruzzelli : Director  
Andrew Law : Director

## MANAGEMENT

Christiaan Jordaan: MD  
Rob Marusco: CFO / Co Sec

## CURRENT PROJECTS

### DIAMONDS

- Save River Diamond Project

### GRAPHITE

- Balama Graphite Project

### RUBIES

- Montepuez Ruby Project

Twitter: @Mustang\_Res  
mustangresources.com.au

28 April 2016

## MUSTANG RAISES \$3.0 MILLION IN PLACEMENT

### Highlights:

- **Mustang receives formal commitments to raise ~\$3.0 million through a placement of new shares**
- **Funds raised will finance the development of the world-class Montepuez Ruby Project in Mozambique with bulk sampling on-track to start in June 2016**
- **Directors have also agreed to convert \$589,500 of outstanding fees and project acquisition costs to scrip in lieu of cash at 25% premium to Placement price (subject to shareholder approval)**

Mustang Resources Limited (ASX:MUS) (“**Mustang**” or “**the Company**”) is pleased to announce that it has received formal commitments to raise approximately \$3.0 million in a placement to professional and sophisticated investors through the issue of ~75.5 million new shares (“**Placement**”).

Funds raised pursuant to the Placement will principally be used to further develop the Company’s Montepuez Ruby Project in Mozambique, for general working capital and for other outstanding payables.

Hartleys Limited is the lead broker in respect of the Placement.

The Placement has been made to professional and sophisticated investors. The Placement will be completed in two tranches with approximately 38 million shares issued in the first tranche using two different prices to achieve a ‘net issue price’ of \$0.04 per share as follows:

- 23,022,000 shares at \$0.034 issued under the Company’s existing Listing Rule 7.1 capacity; and
- 15,348,000 shares at \$0.049 issued under the Company’s existing Listing Rule 7.1A capacity,  
(together **Tranche 1**).

The remaining approximately 37 million shares will be issued in a second tranche at \$0.04 per share (**Tranche 2**), conditional on shareholder approval at a General Meeting to be held in early June 2016 (“**EGM**”).

Settlement of Tranche 1 is expected to occur on or around 6 May 2016.

## Share Purchase Plan

In addition to the Placement, Mustang will proceed with a share purchase plan (“SPP”) to raise up to \$500,000 on a first-come first-served basis to enable participation by all shareholders (excluding Placement participants) for an amount up to \$15,000 per shareholder at \$0.04 per share. Mustang reserves the right to accept oversubscriptions in the SPP. The record date for the SPP is 27 April 2016.

Christiaan Jordaan, Mustang Managing Director said that:

*“We are very pleased with the support that we have received for the Placement from a range of sophisticated and institutional investors. The additional capital significantly strengthens our balance sheet and provides the capital required for the Company to continue development of its Ruby assets in two distinct phases.*

*Phase 1 represents exploration at the Montepuez Ruby Project, including the purchase of remaining equipment, trenching and drilling followed by Phase 2 exploration, which includes bulk sampling, further drilling and resource evaluation.”*

## Outstanding Director and Vendor Amounts

The Directors of Mustang have also agreed, to accept scrip at a 25% premium to the Placement participants (\$0.05) in lieu of cash for a significant portion of the Director and consulting fees (including all remaining project acquisitions costs) payable by Mustang, being a total of \$589,500. The shares (totaling approximately 11.79 million) will be issued subject to shareholder approval at the upcoming EGM. The issuance of shares to satisfy these fees together with the use of a portion of the Placement funds to pay off other outstanding payables, will have the effect of settling all outstanding debts of the Company, enabling the Company to focus on the development of its existing assets.

## Largest Shareholder Support

In addition to the Placement, the Company has also entered into a term sheet with its largest shareholder Lanstead Capital LP (“**Lanstead**”) for a second equity funding facility pursuant to which Lanstead will subscribe upfront for a total of 21,250,000 ordinary shares to be issued at a price of \$0.04 per share (\$850,000 nominal value at \$0.04 per share) and the parties will enter into a sharing agreement with funds made available to the Company over an 18 month period, along the lines of the previous arrangement entered into between the parties (“**Sharing Agreement**”). The conclusion of their investment is subject to the execution by the parties of binding agreements and approval of shareholders at the EGM in June 2016.

Under the terms of the proposed Sharing Agreement with Lanstead, the Company would be able to secure much of the potential upside from any share price appreciation over the next 18 months expected upon delivery of key milestones on the Montepuez Ruby Project & its near term bulk sampling program.

Further particulars are that the Company would retain \$127,500 of the \$850,000 subscription paid by Lanstead with the balance invested in the sharing agreement. 15,937,500 shares issued to Lanstead by the Company would be subject to the Sharing Agreement with subscription funds held in escrow. The Company would receive 18 monthly cash settlements (e.g. \$40,139 per month at the agreed Benchmark Price of \$0.0533) whereby the Company's economic interest would be determined by Mustang's share price performance and payable in monthly settlements as measured against the Benchmark Price of A\$0.0533 per share. If the share price were to fall below the Benchmark Price then the monthly settlement payments would reduce pro rata.

The proposed terms of the transaction are otherwise similar in nature to the original Lanstead investment announced on 23 November 2016.

Full details of the formal Lanstead agreements will be outlined in the Notice of Meeting for the upcoming general meeting.

#### **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 9% 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;
- (c) no underwriting agreement was entered into in relation to the Placement; and
- (d) the Company will pay to Hartleys a fee of 6% of the funds raised under the Placement, together with 20,000,000 options in the Company (subject to the receipt of shareholder approval for the issue of those options).

For and on behalf of the Board

**Christiaan Jordaan**  
**Managing Director**

#### **FOR FURTHER INFORMATION, PLEASE CONTACT:**

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#### **About Mustang Resources Ltd (MUS.AU)**

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

The Montepuez Ruby Project consists of three licences covering 15,800 hectares directly adjacent to the world's largest ruby deposit discovered by Gemfields PLC (GEM:LN) in 2012. Since supply from previous sources has become fractured and unreliable, Mustang stands to capitalise on the current demand (fueled by markets the world over) by becoming a reliable, consistent supplier of high-grade rubies.

The Company is currently undergoing a fast tracked, high impact work program on the Montepuez

Ruby Project with high priority targets identified and low cost bulk sampling to commence in the near term. Mustang also has interests in the Save River Diamond Project, and the Balama Graphite Project in Mozambique. All three projects have significant unlocked value which Mustang intends to realise.

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