



31 May 2018

## Scoping Study underway on Caula Vanadium-Graphite Project

### Targeting first production and cashflow by mid-2019

#### Key Points

- **Highly regarded specialists Bara International appointed to undertake the Caula Vanadium-Graphite Scoping Study**
- **Scoping Study expected to be completed by end-July 2018, putting the project on track for production and cashflow by mid-2019**
- **Key impending results and milestones for Caula include:**
  - **Imminent return of all graphite and vanadium assays from the 2017 scoping study drilling campaign**
  - **Initial graphite and vanadium ore-sorting and ore upgrade results – expected early June 2018**
  - **Additional metallurgical test work on graphite and first vanadium metallurgical results – expected in June 2018**
  - **Maiden JORC compliant vanadium resource based on the combined 2016 and 2017 scoping study drilling results – expected by end-June 2018**
  - **Updated JORC Compliant graphite Resource estimate – expected by end June 2018**
  - **Completion of the geological resource model and conceptual mine design for an integrated vanadium and graphite processing plant – expected July 2018**
  - **Commencement of Definitive Feasibility Study (DFS) work program**

#### COMPANY INFORMATION

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

Current Shares on Issue:  
914,850,211

Market Capitalisation:  
\$17.38M as at 30 May 2018

#### 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 (**ASX: MUS**) is pleased to announce that its strategy to develop the Caula Vanadium-Graphite Project in Mozambique is well on track with the appointment of highly regarded specialists Bara International to undertake the Scoping Study.

Bara is an engineering consultancy based in Johannesburg, South Africa with extensive experience in African graphite and vanadium.

Mustang Managing Director Dr. Bernard Olivier said: “This appointment is another key step in our strategy to be in production at Caula by the middle of next year.

“We have multiple workstreams underway to deliver a maiden vanadium JORC Resource and an upgraded graphite resource along with metallurgical testing for an integrated vanadium and graphite processing flowsheet. We are also awaiting the results of ore-sorting testwork in Australia.”

## Caula Vanadium & Graphite Project Milestones: May – July 2018

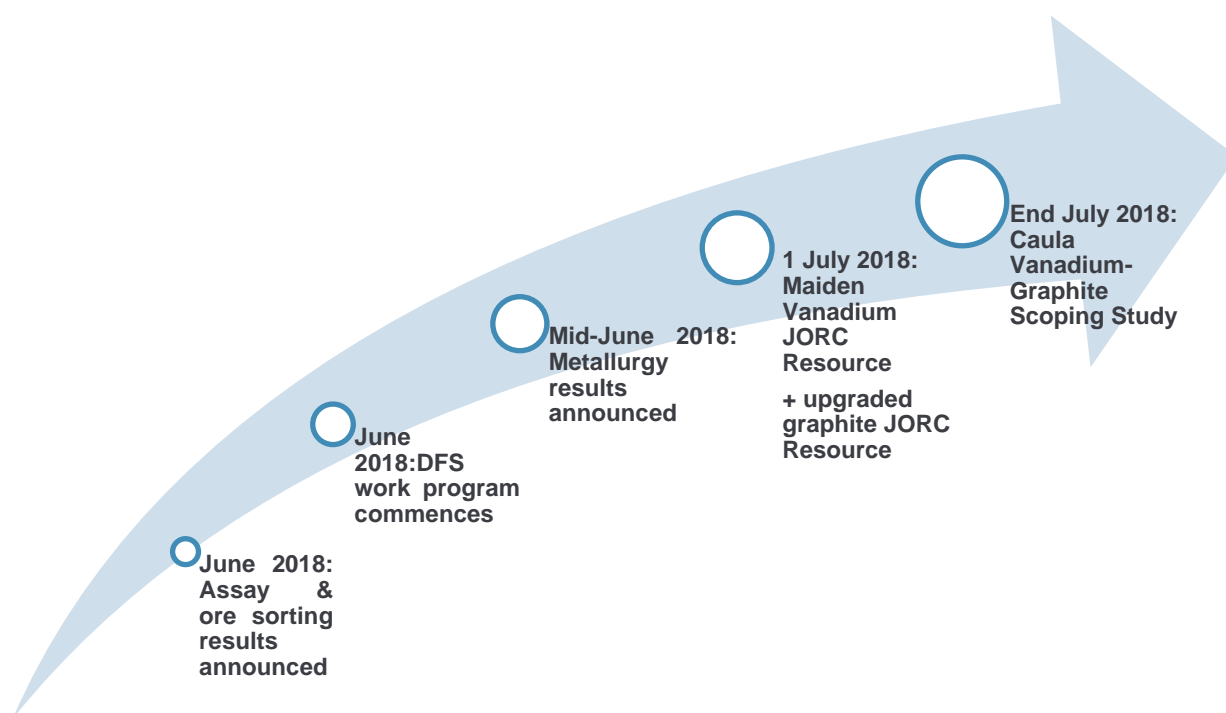


Figure 1: Caula Vanadium & Graphite Project near term milestones

### 1) Vanadium and graphite assay results

Vanadium and graphite sample analysis on the remaining 3 drillholes from the 2017 scoping study drilling campaign is currently being completed by SGS South Africa with final results expected within the next two weeks. Once received, the project’s ‘competent person’ will immediately finalise the incorporation of the results into the geological and resource model and enable the estimation of the maiden JORC compliant vanadium Resource as well as an upgraded JORC compliant graphite Resource.

### 2) Ore sorting testwork and results

Mustang dispatched initial Caula core samples to TOMRA Sorting Solutions in Castle Hill, Australia for trial ore sorting test work to determine the suitability of Caula’s ore for upgrading through the application of its proprietary technology. Once the initial results are received, an ore sorting testwork campaign will be conducted.

### 3) Metallurgical testwork

Dual metallurgical testwork is currently well advanced with IMO and Nagrom Laboratories in Perth, Australia. The outcome of these studies will seek to confirm the graphite metallurgy and processing flowsheet as well as provide the Company with more information on the extraction of vanadium

from the mica-roscoelite minerals contained in the Caula ore. The Company expects initial results to be available before mid-June 2018.

#### **4) Maiden Vanadium JORC Inferred & Indicated Resource**

Following the receipt of the outstanding assay results from SGS and the completion of metallurgical testing, the 'competent person' will estimate a maiden vanadium JORC Inferred & Indicated Resource for Caula. The Company expects this to be completed and announced to the market by the end of June 2018/start of July 2018.

#### **5) Upgraded Graphite JORC Inferred Resource**

In conjunction with the maiden JORC complaint inferred vanadium Resource, the Company's 'competent person' will also complete an upgraded JORC Inferred Resource for the Caula graphite Resource (refer ASX release 1 December 2017 "Maiden Inferred Mineral Resource estimate Caula Graphite") which, owing to the 11 additional DD holes drilled in December 2017, is expected to increase the maiden 5Mt @ 13% TGC estimate significantly. The upgraded JORC Resource is also expected by end-June 2018.

#### **6) Scoping study: mine design and integrated vanadium-graphite processing plant design**

The above milestones are all integral components of the Caula scoping study expected to be finalised by end-July 2018 with the goal of providing initial economic parameters for an integrated vanadium and graphite processing plant with a staged deployment as described in detail in the ASX Announcement dated 21 March 2018.

#### **7) Definitive Feasibility Study ("DFS") campaign**

Initial work that forms part of the DFS has commenced. The DFS study will require additional drilling using a combination of reverse circulation (RC) and diamond drilling (DD) to upgrade the JORC Resource. The Company is also planning to extract a large bulk sample for export to China which will enable additional large scale metallurgical and plant design testwork, as well as produce concentrate for trial marketing. The Company is targeting completion of the DFS by end of calendar 2018.

The Company remains committed to delivering first vanadium and graphite cashflow from the stage 1 development of Caula by H1-2019.

For and on behalf of the Board



Dr. Bernard Olivier  
**Managing Director**

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

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#### **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.

#### **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.