

Mustang Resources Ltd to Export a Further 25,000ct of Gem Quality Rubies

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Sydney, Australia (ABN Newswire) - Mustang Resources (ASX:MUS) (OTCMKTS:GGPLF) is pleased to announce that it is set to export the second commercial parcel of gem-quality rubies from its Montepuez Project in Mozambique in a move which is expected to significantly increase the Company's sales revenue in 2017.

Highlights

- Mustang preparing to export its second commercial parcel of rubies totalling 25,000cts from its Montepuez Project in Mozambique
- Export parcel includes 4 special stones (29.88cts total weight), the two largest of which weigh 11.07cts and 7cts
- The large shipment has been made possible by the continued success of the bulk sampling together with the ongoing prospecting program which has seen the total inventory rise to 37,291 cts
- Potential for significant increases in processing rates with plant upgrades scheduled for mid-April 2017
- First sales revenue from special stones on track for H1-2017; larger sales volumes targeted for H2-2017
- Auger drilling program being accelerated to map the extensions of gravels across the licence area
- Newly acquired licence included in prospecting work program with highly prospective targets identified near the existing Mustang bulk sampling plant

The parcel, which comprises 25,000cts, including four 'special stones' of 5 carats or more, stems from the outstanding results of the bulk sampling & prospecting program at Montepuez.

Mustang shipped its first commercial parcel of rubies, totalling 6,221cts, to the US earlier this year which included five special stones larger than 5cts including two 24ct rubies. These stones are now being prepared for sale by internationally-renowned gemstone cutter and polisher Meg Berry.

The success of the bulk sampling program has seen the total inventory on hand increase to 37,291cts from 14,952cts at the start of February 2017.

The cutting and certification of the five 'special-stones' delivered to the US at the end of January 2017 is well advanced, with at least three of the five stones to be completed and submitted with GIA for certification by the end of March. The remainder of the stones are scheduled for completion during April, after which they will be sold to select customers in the US.

Whilst the sale of select 'special-stones' will deliver the Company initial "proof of concept" revenue in Q2-2017, work on grading and preparing rubies for a larger volume sale in H2-2017 (through auction and/or direct sales) is well underway. This strategy will be aided by the export of the 25,000cts parcel to Thailand expected next week.

Given the fast growth in its gem-ruby inventory and increasing processing capacity and prospecting activities, the Company intends to have enough rough and cut stones to enable a sale of at least 50,000cts in H2-2017.

This will deliver Mustang significant cashflow from its prospecting and feasibility work program.

Auger drilling is progressing ahead of schedule with 578m completed in the past month and a further 1,200m planned in the coming three months. This will help delineate the extent (and volume) of prospective ruby-bearing gravels at the Montepuez Project.

Drilling has been planned on a north-west to south-east strike zone stretching from the north-west corner of

licence 4143L, following which drilling will commence over licence 5030L.

Work on the installation of a new front-end (scrubber and dewatering screen) for the 75tph bulk sampling plant is well advanced, with delivery and commissioning scheduled for mid-April. These improvements will result in the Company having up to 1,500tpd processing capacity on the bulk sampling plant for the remainder of the year, with expected higher efficiencies and ruby recoveries.

Mustang Managing Director Christiaan Jordaan said the bulk sampling & prospecting program was generating outstanding results and paving the way for significant cashflow.

"The processing rates are exceeding our targets and we are delighted with the ruby recoveries," Mr Jordaan said.

"This has enabled us to prepare another major parcel for export, which will in turn increase our 2017 cashflow substantially.

"At the same time, we are progressing the first rubies sent to the US, with cutting and polishing well underway."

Processing to Date & Work Done by Mustang's Prospecting Teams

Since the inception of the bulk sampling & prospecting program to date 22,815 m³ of ruby-bearing gravel (including the immediate material above and below the gravel contacts) have been mined from the Alpha deposit and a number of new test pits. The material has been processed through the plant resulting in the recovery of 3,952 cts of high-quality ruby.

In addition to these recoveries, Mustang's prospecting teams (comprising artisanal miners operating within Mustang's licence areas) have been able to accelerate the discovery and testing of new areas which will then be followed up with bulk sampling and auger drilling including a newly discovered area 3km south east of the Alpha deposit where intensive artisanal activity is ongoing. Work done by Mustang's prospecting teams has resulted in the receipt of 33,339 cts of ruby of which 22,993.4cts were included in the second parcel of 25,000cts expected to be dispatched to Thailand during the week commencing 13 March 2017.

Upgrades to bulk sampling plant to increase ruby recoveries

In late December 2016, Mustang commissioned the construction of a complete new wet front-end for its 75tph bulk sampling processing plant. This new front-end is nearing completion and is scheduled for installation and commissioning in mid-April 2017.

The new front-end upgrades also include replacing all the conveyors with slurry pumps, installing a new water recirculation and treatment unit and several other plant improvements aimed at increasing processing efficiency.

These plant improvements were financed from proceeds of the December 2016 placement and have the potential to increase ruby recoveries significantly.

Export of 25,000cts to Thailand & Marketing Developments

A parcel of rubies totalling 25,000cts (which includes rubies mined by Mustang and those recovered by its prospecting teams) is scheduled for export to Thailand during the week commencing 13 March 2017 for further grading and preparation prior to being sold to customers as part of an anticipated sale of >50,000cts gem-ruby in H2-2017. The Company has made rapid inroads in establishing key business relationships in Thailand, which is currently the world's leading processing and treatment centre for rubies and sapphires with many generations of experience and low cost bases.

Market development initiatives are ongoing and customer interest in ruby supply from the Mustang operations in Mozambique has been very strong.

Mustang Special Stones

Included in the parcel being exported next week are 4 special stones (Figure 2, see link below) weighing a total of 29.88cts, including one 11ct high quality ruby and a beautiful 7ct stone. These rubies will be cut and sold to the Company's fast growing wholesale customer base in the United States.

A number of the five special stones being cut by award-winning gem-cutter Meg Berry at her facilities in San Diego, California are scheduled for completion by end of March 2017 following which they will be sold to

customers in the USA.

Prospecting Work Program - Auger Drilling Campaign and Test Pits

The auger drilling campaign is underway on Licence 4143L, testing for secondary mineralisation which is present at the Alpha Pit and numerous areas which are currently being targeted by the local artisanal miners across the Mustang concessions.

The auger drilling (Figure 3, see link below) is aimed at providing insight into the extension of the gravels on Mustang's licence areas by cheaply and efficiently delineating potential ruby-bearing material. The data from the drilling program will provide the Company with a better understanding of the stratigraphy and further targets for bulk sampling.

Figure 5 (see link below) shows cuts from the Alpha Pit (measured at 2.5m intervals along the cut sidewalls) combined with the surrounding auger holes (50m around the Pit). The results clearly show a deepening of the gravel towards the SW which seems continuous based on the series of auger holes drilled. However, the two auger holes drilled directly west of Cut 2 (circled in blue in Figure 5) both contained good gravels intersected at relatively shallow depths. As such the extension of the Alpha Pit is being done in this direction.

Currently, the drill program is concentrated on a 200m E-W line spacing running along the NW-SE regional trend (depicted as red points which have already been drilled and black points, still to be drilled, in Figure 6 above). This drilling program is concentrating on the regional extension of the ruby gravel to demonstrate the potential for ruby mineralisation across the whole licence area. This has been confirmed with both Serafina 6 and Pit 117 (seen in Figure 6, refer to link below) where rubies have been found in test pits. The 200m spacing is convenient at present - allowing for a large distribution of data. Phase 2 of the drilling will follow up with auger drilling being done at 100m spacings and then 50m intervals, as and if required.

To view tables and figures, please visit:
<http://abnnewswire.net/lnk/2KT3T6LS>

About Mustang Resources Ltd:

Listed on the Australian Securities Exchange, [Mustang Resources Ltd.](#) (ASX:MUS) is an emerging gemstone developer and producer focused on the near-term development of the highly prospective Montepuez Ruby Project in northern Mozambique.

The Montepuez Ruby Project consists of three licenses covering 15,800 hectares directly adjacent to the world's largest ruby deposit discovered by [Gemfields Plc](#) (GEM:LN) in 2012. Since supply of rubies from sources outside Mozambique has become fractured and unreliable, Mustang stands to capitalise on the current demand around the world for ethically produced rubies by becoming a reliable, consistent supplier of high-quality rubies.

The Company is currently fast-tracking its work program on the Montepuez Ruby Project with high priority targets being identified and low-cost bulk sampling having commenced.

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