Mustang Resources Ltd.: Drilling Confirms Potential to Delineate High-Grade Graphite Resource at Balama

01.02.2017 | ABN Newswire

Sydney - Mustang Resources Ltd. (ASX:MUS) ("Mustang" or the "Company") is pleased to report encouraging preliminary results from the recently completed diamond drilling program at the Company's high-grade Balama Graphite Project, located in the world-class graphite province of Northern Mozambique.

Highlights:

- 596m of diamond drilling completed at Mustang's Balama Graphite Project, Mozambique, located near its flagship Montepuez Ruby Project

- Drilling focused mainly on the Caula Project (6678L; 80% interest) and was designed to support the delineation of a maiden JORC graphite resource in the first half of 2017

- Superior graphite mineralisation has previously been identified at Balama, which is located along strike from world-class development projects owned by Syrah Resources (ASX:SYR) and Battery Minerals (ASX:BAT)

- Significant intersections from the recent drilling included 41m graphitic-zone between 9m and 51m on license 6636L and a 77m graphitic-zone between 81m and 158m on license 6678L

- Previous drilling returned high-grade intersections from eight RC holes targeting extensive SkyTEM anomalies, with intersections of up to 22% TGC

- Field assessment has highlighted the potential for large flake sizes

- Core samples in transit to SGS in Perth for full metallurgical analysis and flowsheet development - with results expected during Q2 2017

- Mustang remains committed to unlocking the value of the Balama Graphite Project whilst continuing to focus on advancing its flagship Montepuez Ruby Project

- Balama is well placed to participate in the rapidly growing graphite market, which is currently benefiting from soaring demand growth from the lithium-ion battery sector

The Company commenced diamond drilling towards the end of last year in order to further evaluate the commercial potential of the Balama Graphite Project, building on the highly encouraging results from earlier Reverse Circulation (RC) drilling.

Diamond drilling is typically required to evaluate properly graphite deposits given the complexity of graphite as a commercial product, which requires analysis of in-situ flake qualities and size as well as liberation characteristics. RC drill samples alone can only provide information on grade.

Using diamond core drilling, Mustang has cloned the three best RC holes - namely MORC 004, MORC 007 and MORC 008 (see Figure 1 in the link below) with the objective of defining a maiden JORC Resource on the Caula Project (License 6678L) during H1-2017, whilst developing a comprehensive analysis of flake-size distribution and preliminary flowsheets for high quality graphite concentrate products.

To date, a total of 789m of RC drilling and 596m of diamond drilling has been completed on Mustang's concessions, with significant graphitic mineralisation intersections recorded. Furthermore, field assessment of the graphite grade has highlighted a number of visually high grade, large-flake size zones of interest, with Mustang currently awaiting confirmation from pending laboratory results.

"Caula Project" (License 6678L; Mustang 80% Interest)

A total of five diamond drill holes have been completed to date on the Caula Project on License 6678L within

the tight closed anticline hinge identified by the SkyTEM data (see Figures 2 and 3 in the link below).

The recent diamond holes drilled have intersected significant intervals of graphite including borehole MODD001 with a 45m graphitic-zone along trajectory between 9m a 54m. MODD002 contains graphite mineralisation between 19m and 47m along the drill trajectory. MODD003 contains graphite mineralisation between 81m and 158m along the drill trajectory. MODD004 contains graphite mineralisation between 15m and 49m and between 57m and 96m along the drill trajectory. MODD005 contains graphite mineralisation between 14m and 20m; between 24m and 32m and between 44m and 100m along the drill trajectory. MMODD007 contains graphite mineralisation between 9m and 50m along the drill trajectory. MMODD008 contains graphite mineralisation between 11m and 41m along the drill trajectory.

The concentrated diamond drilling completed on 6678L and its high ranking in the Mustang license portfolio is due to an increase in the average Total Graphite Carbon (TGC) moving from the southern region in 5873L up to 6678L, from 5.54% to 10.69% TGC respectively as seen in Figure 2 (see the link below).

Based on the sampling completed on the RC samples in 2015, drill hole MORC004 on license 6678L has an average of 11.99% (with a 3% TGC cut-off) within a 67m mineralised graphitic mineralisation zone (down-hole width). A total of 23 samples returned results above 15% TGC (see Table 1 in the link below).

The graphite mineralisation is shallow with high grades close to the surface including 8.16% TGC at 1m from surface, 17.4% TGC at 11.6m from surface and 18.6% TGC at 35m. The highest TGC value recorded for this hole is 22% TGC at 45m below surface.

Mustang is highly encouraged by the structural geology of the Caula Project. The steeply dipping hinge zone in the northern part of 6678L displayed larger flake sizes in the recovered core. The structural environment (hinge zone) may have had an influence on flake size and the graphite flake concentration and size is to be confirmed by laboratory test-work.

License 6636L ("Balama South Project")

MORC007 has one diamond drill hole cloned, MODD007. Based on the sampling completed on the RC samples in 2015, drill-hole MORC007 on 6636L, has an average of 7.47% TGC within a 26m strong graphitic mineralisation zone (down-hole width).

Graphite mineralisation is shallow with high grades close to the surface, including the highest TGC value recorded for this hole being 18.8% TGC at 63m below surface (see Table 2 in the link below).

License 4662L ("Balama South Project")

MORC008 has had one diamond drill hole cloned - MODD008. Based on the sampling completed on the RC samples in 2015, drill hole MORC008 on 4662L, has an average of 7.02% TGC within a 74m strong graphitic mineralisation zone (downhole width). Graphite mineralisation is shallow with high grades close to the surface, including 10% TGC at 4m from surface, 16.5% TGC at 29m from surface, 18.2%TGC at 61m and the highest TGC value recorded for this hole being 18.8% TGC at 63m below surface (see Table 3 in the link below).

Further Laboratory Analysis

The graphite samples are currently in transit to the accredited laboratory where processing to confirm the total graphitic content, flake-size distribution and metallurgical properties will be completed. The Company will update shareholders with the laboratory analysis as soon as the results have been received.

Management Commentary

Mustang's Managing Director, Christiaan Jordaan, said the Balama Project represents an attractive opportunity for the Company to realise value from a potentially significant emerging deposit in a world-class graphite district without compromising its focus on the Montepuez Ruby Project.

"Whilst the emerging production and cash-flow opportunity at Montepuez remains our core focus, the Balama Project cannot be ignored given its strategic location, the quality and grade of the mineralisation identified to date, and the significant emerging opportunity in the graphite market.

"We are very encouraged by the excellent results received from Balama to date, where diamond drilling completed towards the end of last year has identified thick zones of high quality graphite mineralisation directly along strike from the world's premier graphite development project, owned by Syrah Resources.

"We are looking forward to the results of laboratory analysis and metallurgical testwork, which will help us to

properly evaluate the commercial potential of this asset and calculate a maiden JORC Mineral Resource. That in turn will enable us to progress discussions with potential partners and other parties interested in becoming involved in this project.

"The transformational growth in the lithium-ion battery sector - driven by the electric vehicle sector and off-grid renewable energy applications - will help to drive the growth of new supply projects in both the lithium and graphite sectors, and we hope to benefit from these opportunities."

To view tables and figures, please visit:
http://abnnewswire.net/lnk/2Y6EJ865

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.

Contact:

Mustang Resources Ltd.
Managing Director: Christiaan Jordaan
E: info@mustangresources.com.au
T: +61-2-9239-3119

Media & Investor Relations: Paul Armstrong
E: paul@readcorporate.com.au
T: +61-8-9388-1474