

Mustang Announces Positive Results of Preliminary Economic Assessment

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Toronto, Ontario CANADA, April 08, 2014 /FSC/ - [Mustang Minerals Corp.](#) (MUM - TSX Venture), ("Mustang" or the "Company") is pleased to announce the highlights of the National Instrument 43-101 compliant Preliminary Economic Assessment (the "PEA") of the Mayville-Makwa Project (the "Project") located in southeast Manitoba, Canada. Mustang retained RPA Inc. as the independent third party to complete the PEA. Several opportunities were noted that could further the economic potential outlined in the PEA including enhancement of the resource and metallurgical recoveries. RPA recommended that Mustang continue to evaluate the technical and economic viability of the Project.

PEA Overview

The PEA examined a proposed mining operation where ore is processed from two open pit resources (Makwa and Mayville) with metal recovery at a central mill located at the Mayville site. The mining operation outlined is conventional truck and shovel operation with metal recovery by conventional flotation concentration. Proposed total mine life is 14 years with an average mining daily rate of 8,200 tonnes per day of mineralized material. Average annual production from the Project is 3,600 tonnes of nickel in concentrate, 8,700 tonnes of copper in concentrate and 9,800 combined ounces of platinum and palladium. The concentrator location is proposed to be at the Mayville site and Makwa material will be trucked to the Mayville concentrator, a distance of 43 kilometres. The Makwa deposit is a nickel dominant deposit with lesser contributions of copper, palladium and cobalt. The Mayville deposit is a copper dominant deposit with lesser contributions of nickel and palladium. Metallurgical testing has demonstrated that the deposits are amenable to flotation concentration. The PEA noted further optimization of the project including trade-off studies, metallurgical enhancement and additional drilling.

Project Economics

The distribution of gross revenue for the project by metal is 44.3% nickel and 46.8% copper, 5.0% palladium, 1.8% platinum, 1.4% gold, and 0.3% cobalt. Using the base case metal price assumptions of US\$8.50 lb nickel and US\$3.40 lb copper the project achieves payback of capital after 3.5 years. The following table outlines a base case analysis based on the assumptions set out in the PEA.

Description	Base Case
Nickel US\$ (lb)	\$8.50
Copper US\$ (lb)	\$3.40
Palladium US\$ (oz)	\$800
C\$/US\$ Exchange Rate	\$0.90
Operating Cashflow (millions)	C\$637
Capex (millions)	C\$300
Pre-tax NPV at 7.5% (millions)	C\$ 109
Pre-tax IRR at 7.5%	17%
After tax NPV at 7.5% (millions)	C\$97
After tax IRR at 7.5%	16%

The PEA is preliminary in nature, includes inferred mineral resources that are considered too speculative geologically to have economic considerations applied to them that would enable them to be categorized as mineral reserves and there is no certainty the PEA will be realized.

Mineral Resource Estimates

The potential economic viability of the Makwa and Mayville deposits was evaluated using measured, indicated and inferred mineral resources. RPA updated the mineral resources for both deposits. The Makwa mineral resource was prepared using drilling data current to October 14, 2009 resource and for Mayville the mineral resource estimate used drill hole data as of November 27, 2013. The NSR cut-off value used for Mayville was C\$15/t and for Makwa was C\$20.64/t.

The portion of the measured mineral resources, indicated mineral resources and inferred mineral resources used for evaluation in the PEA is shown in the following table:

MINERAL RESOURCE SUMMARY AS OF NOVEMBER 27, 2013

[Mustang Minerals Corp.](#) - Makwa-Mayville Project

Class and Deposit	Tonnes (Mt)	Ni (%)	Cu (g/t)	Pt (g/t)	Pd (g/t)	Au (%)	Co

Indicated							
Makwa	7.2	0.61	0.13	0.10	0.36	N/A	0.01
Mayville	26.6	0.18	0.44	0.05	0.14	0.05	N/A

Total Indicated	33.8	0.27	0.37	0.06	0.19	N/A	N/A
Inferred							
Makwa	0.7	0.27	0.08	0.05	0.14	N/A	0.02
Mayville	5.2	0.19	0.48	0.06	0.15	0.04	N/A

Total Inferred	5.8	0.19	0.43	0.06	0.15	N/A	N/A

Notes:

1. CIM Definition Standards have been followed for classification of Mineral Resources
2. Mineral Resources are reported at a net smelter return (NSR) cut-off value of C\$15/tonne at Mayville and C\$20.64/tonne at Makwa
3. At Mayville, NSR values are calculated in C\$ using factors of \$51 per % Cu and \$41 per % Ni. These factors are based on metal prices of US\$3.40/lb Cu and US\$8.50/lb Ni, estimated recoveries and smelter terms, and a US\$/C\$ exchange rate of 0.97.
4. The Makwa Mineral Resources are estimated using metal prices of US\$3.40/lb Cu and US\$8.50/lb Ni, estimated recoveries and smelter terms, and a US\$/C\$ exchange rate of 0.97. The NSR factors used are: \$87.33 per % Ni, \$29.65 per % Cu, \$38.25 per % Co, \$0.14 per g/t Pt and 0.08 per g/t Pd.
5. Totals may not add correctly due to rounding.
6. Mineral Resource that are not Mineral Reserves do not have demonstrated economic viability.

Project Summary

The PEA outlined the scope for the project and a summary of the key operating and cost parameters of the project are as follows:

- * The project was evaluated as owner operated.
- * Net smelter return revenue of C\$1.739 billion is from sale of copper and nickel concentrates.
- * Average net smelter return per tonne is C\$45.
- * Initial capital cost of the project is C\$209 million (including contingency) to build the mine, site infrastructure, sulfide flotation plant and purchase of new mining equipment to achieve commercial production. Total capital cost including sustaining is C\$301million. (the PEA did not account for use of mill equipment currently owned by Mustang)

* Operating costs include open pit mining costs of \$2.00 per tonne and concentrator operator costs of \$10.50/t.

* Metallurgical recoveries used in the study for Makwa were 73% for nickel and 80% for copper. For Mayville the nickel recovery used was 40% for nickel and 90% for copper.

* RPA selected indicative terms for concentrate payment and charges typical for the current market

* The project has operating cash flow of C\$637 million. Pre-tax cash flow was \$336 million and the Net Present Value (7.5%) was C\$109 million with a 17% Internal Rate of Return. After tax Net Present Value of the project (7.5%) was C\$97 million.

RPA concluded that the geological interpretation and modeling were appropriate for the current level of study and that the exploration work met industry standard practices.

Recommendations

RPA made the recommendation that Mustang continue to evaluate the technical and economic viability of the project. In order to advance the project additional drilling, trade off studies, environmental studies, geotechnical work and metallurgical test work were recommended.

Mustang is considering a range of options to add value to the project and follow up the encouraging results of the PEA. This will include the potential for further drilling at the Dumbarton Mine which has potential to add significant value to the overall project.

Environmental Issues - Permitting and Community Impact

The PEA reviewed the environmental and social aspects of the project. The PEA noted that Mustang currently has a Memorandum of Understanding (MOU) with the Sagkeeng First Nation. Mustang currently consults with Sagkeeng on a regular basis regarding exploration permits for the project.

At the Makwa site, Mustang completed environmental work for the Makwa deposit in 2008. An environmental scoping study was completed for the Mayville area in 2009.

Permitting and mine closure were addressed in the PEA on a scoping study level. The Environmental Act Licence is the primary enabling approval document that is required from the Province of Manitoba before the project can be constructed. Environmental licensing is handled through the "one-window" process managed by Manitoba Conservation. The project would be a Class 2 development which will require a full environmental impact statement (EIS) to be submitted along with the license application. A mine closure plan will have to be prepared including an independent estimate of closure costs which will form the basis for the required financial assurance.

Comment

"The PEA provides a solid impetus for further development work on the Project at a time where nickel prices in particular are rebounding from cyclical lows", said Robin Dunbar President of Mustang. "The Project has a low capital cost for the type of operation and is located in an area of excellent infrastructure. We believe the inherent value of this Project will continue to increase with the improving sentiment for nickel, copper and platinum group metals." he added.

This Technical Report conforms to the CIM Mineral Resource and Mineral Reserves definitions referred to in National Instrument (NI) 43-101, Standards of Disclosure for Mineral Projects.

The Qualified Persons involved in the preparation of the report are:

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The PEA will be posted with Mustang company documents at www.SEDAR.com within 45 days.

Carey Galeschuk P.Geo. is the National Instrument 43-101 Qualified Person for [Mustang Minerals Corp.](#) and has approved the contents of this release. For more information online please view the Mustang website at www.mustangminerals.com

[Western Areas Ltd.](#) (ASX:WSA) owns a ~19% equity interest in Mustang.

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We seek safe harbour.

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