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MUSTANG MINERALS CORP.

TECHNICAL REPORT ON THE PRELIMINARY ECONOMIC ASSESSMENT OF THE COMBINED MAYVILLE-MAKWA PROJECT, MANITOBA, CANADA

NI 43-101 Report

Qualified Persons:

Stuart E. Collins, P.E.

Reno Pressacco, M.Sc.(A)., P.Geo.

David Ross, M.Sc., P.Geo.

Hugo Miranda, MBA, C.P.

Holger Krutzelmann, P.Eng.

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1 SUMMARY

EXECUTIVE SUMMARY

Roscoe Postle Associates Inc. (RPA) was retained by Mustang Minerals Inc. (Mustang) to prepare an independent Technical Report on the combined Mayville and Makwa nickel-copper-cobalt-palladium project (the Project) located in east central Manitoba, Canada. The purpose of this report is to disclose the results of a Preliminary Economic Assessment (PEA) on the Project. This Technical Report conforms to Canadian National Instrument 43-101 Standards of Disclosure for Mineral Projects (NI 43-101). RPA has visited the property several times, most recently on September 17, 2013.

Mustang is a Canadian publicly traded mining company with a portfolio of exploration and development projects of nickel, copper, and platinum group element (PGE) deposits in North America. Mustang has an 89.04% interest in the group of claims which includes the M2 Deposit and a 100% interest in the other claims at the Mayville Property. Mustang also has a 100% (subject to a Net Smelter Return royalty) interest in the Makwa Nickel Property which hosts the Makwa Nickel Deposit located 43 km to the south of the Mayville Property.

Mayville is considered a copper dominant deposit, with lesser contributions of nickel and palladium magmatic segregation. Makwa is a nickel dominant deposit with lesser contributions of copper, palladium, and cobalt.

The PEA is based on a conventional truck and shovel operation with two open pits (one at Mayville and one at Makwa) and recovery by flotation concentration of the mineralized material at a central mill. Mining will start at Makwa, followed by Mayville, and will be at an average rate of 8,219 tonnes per day (tpd) of mineralized material and a maximum of 82,000 tpd of total material mined. The total Project life is proposed to be 14 years, including four years for Makwa, eight years for Mayville, and four years for stockpiles. Makwa and Mayville mineralization will be processed in concurrent years, and the low grade stockpiles will be processed at the end of the Project life. The concentrator location is proposed to be at the Mayville site, and Makwa material will be trucked to the Mayville concentrator, a distance of approximately 43 km.

This report is considered by RPA to meet the requirements of a PEA as defined in Canadian NI 43-101 regulations. The economic analysis contained in this report is based, in part, on Inferred Resources, and is preliminary in nature. Inferred Resources are considered too geologically speculative to have mining and economic considerations applied to them and to be categorized as Mineral Reserves. There is no certainty that economic forecasts on which this PEA is based will be realized.

ECONOMIC ANALYSIS

Pre-tax and after-tax cash flow projections have been generated from the Life of Mine (LOM) production schedule and capital and operating cost estimates, and are summarized in Table 1-1.

TABLE 1-1 SUMMARY OF MAYVILLE-MAKWA CASH FLOW SUMMARY
Mustang Minerals Corp. – Makwa-Mayville Project

Description	Unit	Value
Pre-Tax IRR	%	17
Pre-tax NPV at 0.0% discount rate	C\$000	336,474
Pre-tax NPV at 7.5% discount rate	C\$000	109,058
Pre-tax NPV at 10% discount rate	C\$000	68,089
After-Tax IRR	%	16
After-tax NPV at 0.0% discount rate	C\$000	314,484
After-Tax NPV at 7.5% discount rate	C\$000	97,441
After-Tax NPV at 10% discount rate	C\$000	58,480

A summary of the key criteria is provided below.

ECONOMIC CRITERIA

Revenue

- Approximately 8,300 mineralized tonnes per day processed from two separate open pits (approximately three million tonnes per year).
- Processing recoveries for the metals are as follows:
 - Makwa – 73.8% for nickel, 80.0% for copper, 39.9% for cobalt, 64.6% for platinum, 14.0% for gold, and 74.9% for palladium;
 - Mayville – 40.0% for nickel, 90.0% for copper, 32.0% for platinum, 55.0% for gold, and 80.0% for palladium.
- Gold, platinum, and palladium content at refinery varies for each concentrate.

- Exchange rate US\$1.00 = C\$1.11.
- Metal prices for cash flow: US\$8.50/lb – nickel; US\$3.40/lb – copper, US\$1,650/oz – gold; US\$14.00/lb - cobalt; US\$1,800/oz – platinum; and US\$800/oz – palladium.
- Nickel, copper, cobalt, platinum, palladium, and gold gross revenue percentage contributions are 44.3%, 46.8%, 0.3%, 1.8%, 5.0%, and 1.4%, respectively.
- Net Smelter Return (NSR) includes refining, transport, and insurance costs.
- No salvage value was applied to any of the equipment or infrastructure.
- Project Life: 14 years.
- Makwa Mine Life: 4 years.
- Mayville Mine Life: 8 years, plus 4 years of stockpile processing.
- Yearly revenues were calculated by subtracting the applicable refining charges and transportation costs from the payable metal value.
- Revenue is recognized at the time of production.
- There are 5.4 Mt of Inferred Resource used in the production schedule.

Costs

- Pre-production period: 24 months (Year -2 and Year -1).
- Unit operating costs for mining, processing, power, fuel, and general and administration (G&A) were applied to annual mined/processed tonnages, to determine the overall yearly operating cost.
- Mine life capital totals US\$300.7 million, including reclamation.

Royalties

- An existing royalty agreement for 1% of NSR on the Makwa Property may be reduced to 0.5% by payment by Mustang of C\$500,000 to Global Nickel Inc.

Taxation

The after-tax cash flow model contained in this report includes the application of the tax rates and rules provided by the client.

CASH FLOW ANALYSIS

The financial model was established on a 100% equity basis, which does not include debt financing and loan interest charges.

Considering the Project on a stand-alone basis, the undiscounted after-tax cash flow totals \$314.5 million over the mine life, and simple payback occurs approximately 3.5 years from start of production.

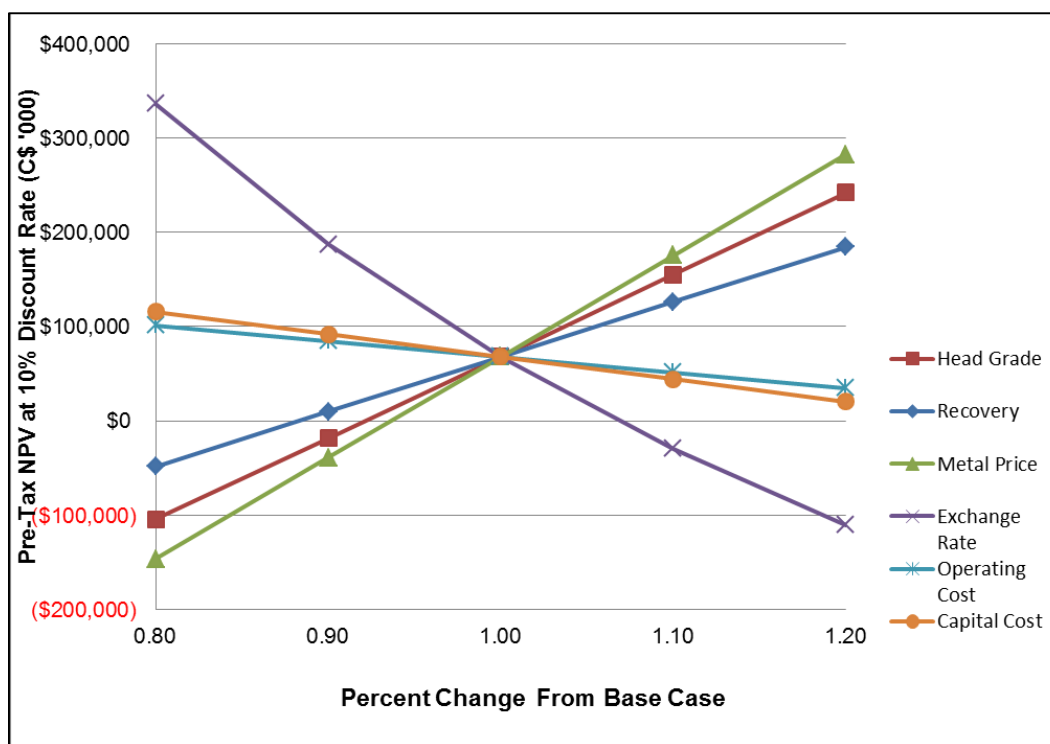
A pre-tax net present value (NPV) at a 7.5% discount rate is \$109.1 million and the pre-tax internal rate of return (IRR) is 17%. An after-tax NPV at a 7.5% discount rate is approximately US\$97.4 million, with an IRR of 16%.

SENSITIVITY ANALYSIS

Project risks can be identified in both economic and non-economic terms. Key economic risks were examined by running cash flow sensitivities:

- Nickel price;
- Copper price;
- Palladium price
- Platinum price;
- Cobalt price
- Head Grades;
- Recoveries;
- Operating costs; and
- Pre-production capital costs.

NPV sensitivity over the base case has been calculated for -20% to +20% variations. The sensitivities are shown in Figure 1-1 and Table 1-2.

FIGURE 1-1 SENSITIVITY ANALYSIS

TABLE 1-2 SENSITIVITY ANALYSES
Mustang Minerals Corp. – Makwa-Mayville Project

Parameter Variables	Units	-20%	-10%	Base	10%	20%
Nickel Price	US\$/lb	7.56	8.50	9.44	10.39	11.33
Exchange Rate	US\$/C\$	0.72	0.81	0.90	0.99	1.08
Head Grade (Nickel Only)	%	0.33%	0.38%	0.42%	0.46%	0.50%
Total Cash Cost	\$millions	1,053.9	1,078.1	1,102.4	1,126.6	1,150.9
Total Capital Cost	\$millions	240.6	270.6	300.7	330.8	360.8
Pre-Tax NPV @ 10%	Units	-20%	-10%	Base	10%	20%
Nickel Price	\$millions	(\$146.4)	(\$39.2)	\$68.1	\$175.3	\$282.6
Exchange Rate	\$millions	\$336.2	\$187.3	\$68.1	(\$29.4)	(\$110.7)
Head Grade (Nickel Only)	\$millions	(\$104.2)	(\$18.3)	\$68.1	\$154.9	\$242.0
Total Cash Cost	\$millions	\$101.5	\$84.8	\$68.1	\$51.4	\$34.6
PPD Capital Cost	\$millions	\$115.6	\$91.8	\$68.1	\$44.3	\$20.6

CONCLUSIONS

RPA offers the following conclusions:

GEOLOGY AND MINERAL RESOURCES

- Work to date on the geological interpretation and modelling of the Makwa and Mayville deposits is appropriate for the current level of evaluation.
- The exploration work, including drilling, sampling, and database management, meets industry standard practices. The drill hole databases are valid and suitable to estimate Mineral Resources for the Project.
- RPA updated the Mineral Resource estimates for the Makwa and Mayville deposits using drill hole data available to October 2009 and December 2013, respectively. Since the database cut-off dates, a minor amount of drilling has been done on both properties. RPA reviewed results from the new drilling in section and level plan and confirmed that those data would have only a minor impact on the local grade estimate and that overall the block models are still valid and current. The Mineral Resource statements for both deposits reflect updated and current economic factors. The Mineral Resources are constrained within a preliminary open pit and are reported in Table 1-3.

TABLE 1-3 MINERAL RESOURCE SUMMARY AS OF NOVEMBER 27, 2013
Mustang Minerals Corp. – Makwa-Mayville Project

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

MINING AND MINERAL RESERVES

- Conventional open pit mining methods (drilling, blasting, loading, and hauling) will be employed to extract the mineralized material and waste.

- Mining will start at Makwa, with production from a single pit, followed by a single open pit at Mayville. Pit benches will be five metres high for Makwa and ten metres high for Mayville.
- Mining will be conducted by Mustang.
- There are no current Mineral Reserves at the Project. The PEA is based on those Mineral Resources with reasonable prospects for economic extraction by open pit mining and flotation recovery.
 - Approximately 39.1 Mt at an average grade of 0.25% Ni and an average grade of 0.37% Cu, factored for dilution and extraction, are potentially mineable by open pit methods. Approximately 33.6 Mt of these resources are classified as Indicated and 5.4 Mt, as Inferred.
 - The LOM stripping ratio is 7.9:1 for Makwa and 6.0:1 for Mayville.
 - At an average production rate of approximately 8,200 tpd, or 3.0 Mtpa, the Project life is approximately 14 years, with four years of mining at Makwa and eight years of mining at Mayville, plus four years of stockpile processing.
- Both the Makwa and Mayville pits will require dewatering.
- Topographical relief, climate, haul distances, and political location do not appear to be issues for the combined Makwa-Mayville Project.

METALLURGICAL TESTING AND MINERAL PROCESSING

- It has been shown by way of metallurgical testing that the Makwa and Mayville mineralization is amenable to flotation concentration, and the concentration process flow sheet has potential to be taken to a further development stage.
- The samples that have been tested from the combined Makwa-Mayville Project show that the material is amenable to concentration for the nickel, copper, cobalt, palladium, platinum by flotation concentration.
- The dominant metal from the Makwa property is nickel, and the dominant metal from the Mayville property is copper.
- It appears from testwork completed to date that the Makwa mineralized material can be concentrated into a nickel-copper concentrate, and mineralized material from the Mayville Property can be concentrated into two separate concentrates, one copper and one nickel.
- The concentrator will be located at the Mayville Property. Mineralized material from Makwa will be hauled 43 km to the concentrator.
- It is anticipated that concentrates will be trucked to Molson, Manitoba and then railed to a nickel smelter near Sudbury, Ontario.

ENVIRONMENTAL ASPECTS AND PERMITTING

- The Project is subject to the Province of Manitoba and Federal Canadian permitting requirements and environmental regulations.

- Preliminary baseline studies indicate that there are no endangered species in the vicinity of the Project.

ECONOMIC ANALYSIS

- The total capital cost for the Project is estimated to be \$300.7 million, including \$208.8 million in pre-production and \$91.9 million in sustaining capital.
- In order to minimize the capital costs, and due to the moderate mine life, Mustang will excavate the open pits and process the Makwa mineralized material, followed by the Mayville mineralized material.
- The total unit operating cost is \$18.5/t milled for Makwa and \$12.9/t milled for Mayville, including grade control, stockpile re-handling and G&A costs.
- The base case economic analysis indicates that the Project has a positive cash flow. The after-tax NPV at 7.5% discount rate is approximately US\$97.4 million, with an IRR of 16%.

RECOMMENDATIONS

RPA recommends that Mustang continue to evaluate the technical and economic viability of the combined Makwa-Mayville Project by means of a Pre-feasibility Study (PFS). Many of the parameters and inputs listed in the May 2008 Makwa PFS can be used as a basis for the combined PFS.

To advance the Project to the PFS level, additional drilling, environmental baseline studies, geotechnical drilling and studies, and metallurgical test work are recommended with a total budget of C\$3.8 million (Table 1-4).

**TABLE 1-4 PROPOSED BUDGET
Mustang Minerals – Mayville Property**

Item	Cost (C\$)
Infill drilling (3,000 m at \$150/m)	450,000
Exploration drilling (10,000 m at \$150/m)	1,500,000
Geotechnical Drilling and Studies	500,000
Metallurgical Test Work	200,000
Pre-feasibility Study	550,000
Mayville Topographical Site Survey	75,000
Operating costs/office	150,000
Sub-total	3,425,000
Contingency (10%)	343,000
Total	3,768,000

RPA recommends that Mustang continue trade-off studies to determine potential economic benefits for the combined Makwa-Mayville operation, such as:

- mine and processing production rates,
- owner operation and contract mining, and
- total repair and maintenance contract for a vendor-maintained mining equipment fleet.

The potential for crushing and selling the Makwa and/or Mayville pit waste rock for building and construction aggregates should be assessed.

The recommendations for specific areas of work follow.

GEOLOGY AND MINERAL RESOURCES

Makwa

- The existing geology and drill hole database for the entire property should be converted to the metric and the NAD83 grid systems so as to be compatible with the database used to prepare the Makwa Mineral Resource estimate.
- Additional exploration is warranted in order to assess the potential for mineralized areas on the property that are outside the present open pit, including the host stratigraphy below the pit shell, and the Dumbarton mine area. Defining a resource and reserve for the Dumbarton area will improve the Project's economics.
- A detailed study which examines the potential impact of the blank samples containing elevated metal values should be undertaken. Such a study would review the position of these out-of-bounds blank samples within the database relative to the mineralized intervals. Re-assaying of all samples contained within the batch associated with these out-of-bounds samples is warranted for all samples contained within the mineralized domain models.
- The individual failures should be examined initially to ensure that they are not a result of transcription or other such errors at the data entry stage. A program of re-assaying of all samples relating to the failed batches is recommended.
- Core recovery and rock quality designation measurements should be recorded as a matter of routine, including core angle data, faults, and other features. Further assessment should be made of the specific gravity of mineralized rock and waste rock.

Mayville

- RPA recommends a drill program of 13,000 m for infill drilling and to explore along strike from the M2 Deposit. A key drill hole target is located 200 m east of the resource area where previous drilling intersected 18.53 m at an average grade of 0.56% Cu and 0.16% Ni at a vertical depth of approximately 120 m.

MINING

- Commence basic engineering, including:

- Developing detailed mine plans and schedules;
 - Developing detailed dewatering programs for the Makwa and Mayville open pits;
 - Evaluating the economics of contractor versus owner mining.
- Conduct a detailed trade-off study to determine the optimal selective mining unit required to address mining selectivity, mineralized material loss, and dilution associated with the loader/truck combination.
 - Carry out a geotechnical study to determine the safest and steepest pit slopes for both the Makwa and Mayville pits. Additional geotechnical investigations should be undertaken to delineate and characterize soils containing any discontinuities for the final and interim waste dump and tailings dam slopes.
 - Complete a hydrogeology study in order to provide the open pit dewatering parameters. Consideration should be given to the establishment of the overburden dewatering parameters which will be needed for the design of surface diversions and drainage systems.
 - Determine the suitability and the particle size distribution of the country rocks from the open pit area for use as rock drain material for the tailings dam construction.

MINERAL PROCESSING/INFRASTRUCTURE

- Carry out metallurgical test work to:
 - Develop a flowsheet for Makwa and Mayville mineralization.
 - Test grind and regrind requirements (i.e., Bond Work Index, etc.).
 - Confirm grades and recoveries for Makwa and Mayville.
 - Test variability across mineralized zones for both the Makwa and Mayville deposits.
 - Investigate the mineralized material for the presence of material, which could cause sliming during the flotation process.
 - Test the proposed flow sheet through a pilot plant.
- Carry out subsurface investigations and evaluate sources of borrow material for dam construction, roads, and other project areas.
- Update the dam/dike design and carry out stability analyses to the PFS level.
- Carry out geochemistry analysis to the PFS stage, and determine if there is any requirement for an effluent treatment facility.
- Design and estimate to a PFS level the power, roads, and support infrastructure for the operation.

ENVIRONMENTAL ASPECTS AND PERMITTING

- Prepare a detailed water balance to assist in optimizing the design of the water treatment facilities.
- Carry out long-term geochemical characterization of mineralized material and mine wastes.

- Since the proposed Makwa waste dump locations are in the vicinity of a provincial park, the maximum dump height has been restricted such that the dumps are not visible from the Bird River and from nearby highways. Therefore, the maximum permissible dump height should be determined through a line of sight study. Upon the completion of this study a geotechnical study should be completed on the waste dumps to assess any potential stability issues with the design.
- Continue testing of the acid generating potential of the waste rock so that sequencing of the waste placement and remedial measures to mitigate any potential problems can be assessed and costs estimated. Preliminary results indicated that the waste rock will not be acid-generating. Testing of tailings should also be continued in order to assess the necessity for treatment and for closure planning.
- Model dilution of the tailings dam solution during the closure period, and the corresponding decline in the concentration of metals and compounds in the water tailings facility during and after the closure period.
- Continue the public engagement program with neighboring communities, including First Nations.

ECONOMIC ANALYSIS

- Obtain detailed quotes for all equipment, supplies, and permanent infrastructure.
- Obtain quotes for the mineralized material hauling contractor unit costs (\$/tonne) from the Makwa property to the Mayville concentrator facility (approximately 43 km), concentrate hauling unit costs from the Mayville concentrator to the Molson, Manitoba rail siding, and contractor equipment/operator hourly rates for special construction projects.
- Prepare detailed estimates for all mining, processing, and G&A operating costs.
- Carry out additional studies to investigate other options to improve the accuracy of capital and operating cost estimates, to optimize the mining schedule, and to investigate alternative crushing processes such as high pressure grinding rolls or vibration cone crushers which have the potential to improve the Project economics.

IMPLEMENTATION PLAN/PROJECT DEVELOPMENT BUDGET

- Develop a Project schedule with a Critical Path identified.

TECHNICAL SUMMARY

PROPERTY DESCRIPTION AND LOCATION

The Makwa Property is located 140 km northeast of Winnipeg, Manitoba at approximately 50°28'10"N latitude and 95°26'27"W longitude. The property consists of one mineral lease (ML-331), one surface lease (No. 297), and 28 unpatented mineral claims, totalling 4,108 ha. Part of the Makwa Property is situated in Nopiming Provincial Park, in an area zoned as "Resource Management", which is a multiple-use category that allows for commercial resource development and/or mineral extraction.

The Mayville Property is located 130 km northeast of Winnipeg, Manitoba, at approximately 50° 35' to 50° 39' N latitude and 95° 40' to 95° 30' W longitude. The Property consists of 75 mineral claims covering an area of 8,110 ha. Makwa and Mayville are separated by a distance of approximately 43 km (via roads).

LAND TENURE

The Makwa Property consists of one mineral lease (ML-331), one surface lease (No. 297), and 28 unpatented mineral claims, totalling 4,108 ha. Mineral Lease ML-331 is a renewable 21-year lease covering 499 ha. Surface Lease No. 297 covers the same area as Mining Lease ML-331. The Makwa Property is subject to an existing 1% net smelter return (NSR) royalty agreement which may be reduced to 0.5% by a payment of C\$500,000 to Global Nickel Inc.

The Mayville Property is composed of 75 unpatented mineral claims, within the area where the M2 Deposit and current Mineral Resource are located. Fifty-four of these claims were purchased in the option agreement with Exploratus Elementis Diversis Ltd. (Exploratus). Fourteen claims were staked by Mustang and are 100% owned by Mustang. An additional seven claims that were formerly under option to Mustang from Tantalum Mining Corporation (Tantalum) are now 100% owned by Mustang.

EXISTING INFRASTRUCTURE

The only existing infrastructure on the Mayville Property is an access road, which will need to be upgraded to accommodate heavy truck traffic. The Makwa Property contains the following infrastructure:

- Three-phase power is supplied by a Manitoba Hydro line, including 7.2 kVA to ground and 12.24 kVA.
- All-weather provincial access road; and
- Core storage building.

HISTORY

MAKWA

The Makwa Property was partially mined from two separate deposits located on the property by Maskwa Nickel Chrome Mines Limited (MNCM), controlled by Falconbridge Nickel Mines Limited (Falconbridge). The Dumbarton mine and F-Zone were mined from 1969 to 1974, and the Maskwa Mine was mined from 1974 to 1976. Open pit mining operations ceased due to low nickel prices.

In 1996, Canmine Resources Corporation (Canmine) acquired the property from MNCM and carried out environmental studies, geophysical surveys, and drilling, and estimated the Makwa (then Maskwa) deposit resource. A scoping study on concentrate treatment was completed in 1999. Surface and mining leases were granted in 1999.

Mustang acquired a 100% interest in the Maskwa Property on May 19, 2004, and changed the name of the deposit to Makwa in 2010.

MAYVILLE

The first claims at Mayville were staked in 1917 to cover a copper-nickel showing. Several companies explored the property between 1917 and 1951. In 1951, the property was acquired by Falconbridge (MNCM), along with the Makwa Property. From 1956 through to 1990, Falconbridge carried out geophysical campaigns and drilling.

In 1995, Exploratus purchased a 60% interest in the Makwa-Mayville properties. Exploratus targeted chromite mineralization and conducted vertical gradient and magnetic surveying, and drilled eight holes totalling 2,742 ft. In 2005, Mustang purchased Exploratus' 60% interest in the property and 72.6% of MNCM which at that time owned the remaining 40% of the Property.

There has been no past production or historical mineral resource estimates made on the Mayville Property prior to those initiated by Mustang in 2006 and 2010.

GEOLOGY AND MINERALIZATION

The Makwa and Mayville properties are located in the east-west trending Archean Bird River greenstone belt (BRGB) at the western edge of the exposed Superior Province of the Canadian Shield in southeastern Manitoba. The BRGB has a tectonic location between two continental cratonic blocks – the English River and the Winnipeg sub provinces, which are subprovinces of the Western Superior Province of the Canadian Precambrian Shield., The unconformable contact with Paleozoic sediments of the Interior Platform is located 65 km to the west.

The BRGB consists of bimodal assemblages of metavolcanic rocks and platform-type metasedimentary rocks that have undergone various stages of deformation, greenschist to amphibolite facies metamorphism, and are locally intruded by differentiated felsic to ultramafic rocks. The belt is bound by granites and gneisses, which together form a typical assemblage of the Superior Province.

The Bird River belt can be described as two sub-belts, which converge near Tulabi Lake. The two branches are separated by the quartz dioritic - granodioritic intrusion known as the Makwa Lake Batholith. Other parts of the BRGB are bound by felsic to intermediate gneissic rocks and other intrusive rocks of the Bird River Domain.

The east-west trending southern branch of the BRGB ranges in thickness from three to ten kilometres. It is dominated by pillowed and massive mafic to felsic metavolcanic rocks, clastic metasediments, and metaconglomerates of the Rice Lake Group. The layered mafic-ultramafic Bird River Sill (BRS; 2,470 Ma) intrudes this southern branch and hosts Ni-Cu-sulphide deposits, stratiform chromite, and PGE occurrences. The Makwa deposit is hosted in peridotite along the basal contact of the BRS. It is located in an area where the ultramafic rocks abruptly change contact relationships from concordant to discordant; the gabbro and ultramafic rocks discordant to stratigraphy may represent a root or feeder zone to the BRS.

A northern branch of the BRGB converges to the southern branch near Tulabi Lake. This 40 km long belt varies from less than one to four kilometres thick, and hosts the Mayville Intrusion, a Neoproterozoic layered mafic ultramafic intrusive, which in turn hosts the nickel-copper mineralization and Mineral Resources at the Mayville property. Supracrustal rocks of the northern splay face north and are composed mainly of pillowed and flow-textured volcanic rocks. The Mayville Intrusion is divided into upper and lower zones. The 700 m to

800 m thick upper zone consists of leucogabbroic and anorthositic rocks displaying a variety of textures including massive, poikilitic (irregular scattered inclusion minerals), and megacrystic leucogabbro. The 200 m to 300 m thick lower zone consists of a heterolithic breccia and is host to the M2 Deposit mineralization.

The mineralization at both Makwa and Mayville is a typical magmatic sulphide assemblage of pyrrhotite-pentlandite-chalcopyrite, with textures ranging from finely disseminated to semi-massive net-textured to inclusion-bearing massive sulphide. There are three other styles of mineralization the properties, including sulphide iron formation nickel-copper mineralization, sulphide iron formation copper mineralization, and chromite mineralization.

EXPLORATION STATUS

Since the acquisition of the Makwa and Mayville properties, Mustang has completed a number of geophysical surveys.

At Makwa, a helicopter-borne VTEM geophysical survey conducted in 2007 outlined a number of significant electromagnetic anomalies. Time Domain Induced Polarization and magnetic survey were carried out in 2008-2009 over part of the property along the BRS. The survey outlined several high priority targets warranting drill investigation. Since 2004, Mustang has completed approximately 154 drill holes for a total of 30,625 m at Makwa.

The Mayville M2 Deposit was identified by drill-testing exploration targets identified by a VTEM survey. Following the discovery of PGE mineralization on the property in 2011, Mustang established a picket grid over the PGE zone and M2 Deposit and surveyed the grid lines with IP-mag and EM. The surveys were followed up with approximately 12,600 m of diamond drilling in 60 holes to evaluate the PGE and nickel-copper potential of the PGE zone and M2 Deposit. Since 2005, Mustang has completed a total of 148 drill holes for approximately 35,500 m at Mayville.

MINERAL RESOURCES

Canadian Institute of Mining, Metallurgy and Petroleum Definition Standards (CIM definitions) for Mineral Resources and Mineral Reserves adopted by the CIM Council on November 27, 2010 were used in preparation of Mineral Resource estimates. The Makwa and Mayville Mineral Resources are effective as at November 27, 2013.

MAKWA

RPA prepared the Mineral Resource estimate for the Makwa Deposit using drill hole data available as of October 14, 2009 (Table 1-5). A total of 256 drill holes were included in the database for Mineral Resource estimation. Mustang completed a total of ten additional drill holes (total 1,842.5 m) in 2010 subsequent to the preparation of the Mineral Resource estimate to supply additional sample material for metallurgical testing. RPA reviewed results from the new drilling in section and level plan and confirmed that those data would have only a minor impact on the local grade estimate and that overall the block model is still valid and current. A cut-off NSR value of greater than \$20.64/tonne was used for the current Mineral Resource estimate. The Mineral Resource estimate was constrained by a preliminary pit shell (with no roads).

TABLE 1-5 MAKWA MINERAL RESOURCE SUMMARY – NOVEMBER 27, 2013
Mustang Minerals Corp. – Makwa-Mayville Project

Category	Zone	Tonnes	Ni (%)	Cu (%)	Pd (g/t)	Pt (g/t)	Co (%)
Indicated	Sulphide (402)	2,290,000	1.10	0.19	0.65	0.18	0.02
Indicated	Disseminated (407)	4,900,000	0.38	0.10	0.23	0.07	0.01
Total Indicated		7,200,000	0.61	0.13	0.36	0.10	0.01
Inferred	Hangingwall (403)	673,000	0.27	0.08	0.14	0.05	0.02

Notes:

1. CIM definitions have been followed for classification of Mineral Resources.
2. Sums may not add due to rounding.
3. Mineral Resources are reported using a \$20.64 NSR cut-off.
4. The 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.
5. 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.

MAYVILLE

RPA prepared the Mineral Resource estimate for the Mayville M2 Deposit using drill hole data available as of November 27, 2013 (Table 1-6). A total of 120 holes for approximately 27,400 m located at or in the vicinity of the M2 Deposit were included in the database for Mineral Resource estimation. The Mineral Resource estimate was constrained by a preliminary pit shell (with no roads).

TABLE 1-6 MAYVILLE MINERAL RESOURCE SUMMARY – NOVEMBER 27, 2013
Mustang Minerals Corp. – Makwa-Mayville Property

Category	Tonnage	Ni	Cu	Au	Pt	Pd	Eq Cu	Ni	Cu	Au	Pt	Pd
	(M t)	(%)	(%)	(g/t)	(g/t)	(g/t)	(%)	(M lb)	(M lb)	(k oz)	(k oz)	(k oz)
Indicated	26.6	0.18	0.44	0.05	0.05	0.14	0.58	105.5	255.8	42	42	119
Inferred	5.2	0.19	0.48	0.04	0.06	0.15	0.63	21.0	54.7	7	10	25

Notes:

1. CIM definitions have been followed for classification of Mineral Resources.
2. Mineral Resources are reported at an NSR cut-off value of C\$15/tonne.
3. 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. A minimum mining width of two metres was used.
5. Totals may not add correctly due to rounding.

MINERAL RESERVES

There are no current Mineral Reserves on the Project.

MINING METHOD

The PEA is based on open pit mining with production from a single pit at the Makwa Property, followed by a single open pit at the Mayville Property. Pit benches will be five metres high for Makwa and ten metres high for Mayville. The mineralized material and waste rock will be drilled and blasted, loaded with front end loaders, and hauled to either a crusher or waste rock pile. Haulage distances from the open pit to the crusher area will vary. The Makwa ROM will be trucked approximately 43 km to the Mayville concentrator facility. Mayville ROM will be hauled approximately one kilometre to the concentrator. Mining will be carried out by Mustang personnel.

It is estimated that the mine will operate on a general production schedule of 24 hours per day, seven days per week. Production blasts are scheduled to occur five to six days per week. Mine life is four years for Makwa and eight years for Mayville, and the mining rate will average approximately 20.5 million tonnes per year of mineralized material and waste mined.

Table 1-7 summarizes the open pit dimensions.

TABLE 1-7 PIT DESIGN PARAMETERS AND DIMENSIONS SUMMARY
West Kirkland Mining Inc. – TUG Project

Pit Dimensions	Makwa	Mayville
Pit Length (m)	1,000	1,500
Pit Width (m)	520	500
Surface Area (m ²)	322,000	634,000
Maximum Pit Depth (m)	206	330.0
Pit Bottom Elevation (masl)	90.1	-30.0
Pit Exit Elevation (masl)	294.0	290.0
Average Ramp Grade (%)	10	10
Ramp Width double-lane (m)	27	27
Ramp Width single-lane (m)	20	20
Overall Highwall Slope (°)	42 north / 49 south	49
Mining Bench Height (m)	5	10
3D Model Block Size (m)	10 m x 5 m x 5 m	10 m x 10 m x 10 m
Type Benching (berming)	Double benching	Single benching

MINERAL PROCESSING

Based on metallurgical testwork and the prospect of mining Makwa followed by Mayville, the Makwa Mayville concentrator is designed to process both types of mineralized material in sequence. The concentrator location is proposed to be at the Mayville site, with associated tailings management facilities (TMF) located there. Mineralized material will be trucked from Makwa to the Mayville concentrator.

The proposed design throughput is 8,600 tpd based on 96% availability. This equates to three million tonnes of mineralized material per calendar year throughput. Makwa mineralized material will produce a single concentrate comprising mainly nickel (10% Ni) containing also copper, gold, and platinum group metals. Mayville mineralized material will produce two concentrates, nickel and copper.

The concentrator will consist of conventional multistage crushing followed by two-stage grinding in closed circuit with hydrocyclones. Cyclone product will go to a rougher/scavenger flotation circuit. The rougher concentrate will be sent to a cleaner flotation circuit. The resulting final concentrate will be thickened, filtered and dried, and stored in a concentrate storage area. The concentrate will be loaded onto trucks and shipped to the nearest railhead for transfer to railcars and shipment to a smelter.

The tails from the rougher/scavenger, cleaner circuit, and the scavenger cleaner circuit will be combined, sent to a tailings thickener, in order to reclaim process water. The thickener underflow will be pumped to the TMF. Reclaimed process water will be returned to the head of the grinding circuit for re-use. Water from the TMF will also be returned to the concentrator for re-use.

PROJECT INFRASTRUCTURE

The infrastructure proposed at Makwa will mainly include access and site roads; mine office, shops, and warehouses; power, water, and storage facilities. The infrastructure at Mayville will include access and site roads, power, water, processing plant with associated TMF, office complex and laboratory, warehouses, storage facilities, substation, communications facilities, etc.

MARKET STUDIES

Potential customers for a combined nickel and copper concentrate include all global nickel smelters; however, due to competitive, transportation, and business constraints the most likely customers of Mustang nickel and copper concentrates are summarized in Table 1-8.

TABLE 1-8 POTENTIAL SMELTERS CUSTOMERS
Mustang Minerals Corp. – Makwa-Mayville Project

Smelter Name	Company	Location	Products	Estimated Distance From Winnipeg Concentrator (km)
Horne	Xstrata plc	Rouyn-Noranda, QC	Cu	1,648
Sudbury Division	Xstrata plc	Falconbridge, ON	Ni, Cu	1,519
Copper Cliff	Vale Inco Ltd	Sudbury, ON	Cu, Ni, Co	1,519

ENVIRONMENTAL, PERMITTING AND SOCIAL CONSIDERATIONS

It has been estimated that the time frame to complete the necessary environmental assessments and permits for the Mayville and Makwa sites should take approximately two years.

Environmental baseline studies have been started for the Makwa Project (mine only), and an environmental scoping study has been completed for the Mayville Project (mine, processing facility, and TMF).

The Mayville-Makwa Project is located on two, separate areas of Crown Land in east central Manitoba. Because the Project is located on Crown Land, both the Federal and Provincial governments will be involved in permitting and regulating the Project; however, many of the programs are administered at the provincial level. The Project components that will impact on the applicable regulations are:

- Open pit mining and minerals processing by flotation concentration that will occur on Crown land.
- Access to the property is gained via an established public roadway.
- Water for the Project will be derived from on-site wells.
- Project construction does not require dredge or fill activities in Waters of Canada.
- Power for the Project will be generated off-site, and delivered via overhead distribution lines in an existing public roadway.

CAPITAL AND OPERATING COST ESTIMATES

Capital costs for the Project are summarized in Table 1-9.

TABLE 1-9 SUMMARY OF PROJECT CAPITAL COSTS
Mustang Minerals Corp. – Makwa-Mayville Project

Capital Category	Pre-production (C\$000)	Sustaining (C\$000)	Total (C\$000)
Direct Capital Cost			
Pre-stripping - Makwa	24,320	-	24,320
Pre-stripping - Mayville	-	-	-
Mine Equipment - Makwa	50,449	-	50,449
Mine Equipment - Mayville	-	-	-
Plant - Mayville	63,037	1,113	64,150
Infrastructure - Mayville	11,722	-	11,722
Infrastructure - Makwa	1,208	-	1,208
Tailings and Water Management	6,339	-	6,339
Direct Subtotal	157,074	1,113	158,187
Indirects			
EPCM and Owner's Cost	24,807	445	25,252
Directs + Indirects	181,880	1,558	183,439
Contingency on Plant, Infrastructure, and Tailings	24,903	440	25,343
Sub-Total Capital Cost	206,783	1,998	208,781

Capital Category	Pre-production (C\$000)	Sustaining (C\$000)	Total (C\$000)
Sustaining Plant		17,320	17,320
Sustaining Infrastructure		2,105	2,105
Sustaining Tailings		12,062	12,062
Sustaining Mine		48,772	48,772
Salvage		-	-
Reclamation and Closure		11,722	11,722
Total Capital Cost	206,783	93,905	300,688

A summary of the Project's operating cost is shown in Table 1-10.

TABLE 1-10 SUMMARY OF PROJECT OPERATING COSTS
Mustang Minerals Corp. – Makwa-Mayville Project

Operating Costs	Units	Makwa	Mayville
Mining (Open Pit)	\$/t mined	1.88	2.04
Stock Pile Rehandling	\$/t milled	0.06	0.06
Processing	\$/t milled	10.50	10.50
Grade Control	\$/t milled	0.05	0.05
Other Power & Heat	\$/t milled	0.22	0.22
Makwa Mineralized Material Transport	\$/t milled	5.64	-
G&A	\$/t milled	2.03	2.03
Total Unit Op. Cost - Excluding Mining	\$/t milled	18.49	12.85