



MUSTANG

RESOURCES LTD

Formerly OGI Group Ltd

QUARTERLY ACTIVITIES REPORT FOR PERIOD ENDING 31 DECEMBER 2014

HIGHLIGHTS

The Board of Directors of Mustang Resources Ltd (ASX:OGI) ("Mustang" or the "Company") is pleased to provide shareholders with the Quarterly Activities Report for the period ending 31 December 2014 and after balance date events.

Corporate

- The Company successfully completed a \$6m equity loan issue which shareholders agreed to convert to equity at the EGM on 23 January 2015.
- The Company announced that it was proceeding with a Prospectus to raise up to an additional \$3.5m at 20 cents per share, the Company has secured underwriting for \$1,550,000 of this raising.
- The Company received approval to convert the remaining \$460,000 in debt to equity which will occur following completion of the share consolidation. The remaining debt of \$250,000 has been repaid.
- Shareholders approved the change of nature and scale of Company's activities.
- Shareholders approved the 67:1 share consolidation.
- Announcement of agreement to sell one of OGI's US subsidiaries, Birdwood Louisiana, LLC to Grand Gulf Energy Ltd (ASX: GGE) for a total consideration of US\$575,000.
- As a result of the above the Company has eliminated all of its debt and will re-list debt free except for trade creditors in the ordinary course of business.
- The Company has changed its name to Mustang Resources Limited and will be quoted with the ASX code: MUS



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Save River Diamond Project

- Company announces the acquisition (subject to shareholder approval) of a 50.7% interest in Mozambique diamond project (L4969) as well as a 51.15% interest in adjacent (L4525).
- Subsequently secured the acquisition of a 51.8% interest in diamond prospecting licence (L4525) adjacent to L4969.
- Preliminary work associated with the 100,000 tonne trial mining program initiated.

Balama Graphite Project

- The Company announced its agreement to acquire (subject to shareholder approval) interests in 6 tenements in the highly sought after Mozambique graphite province of Balama.
- Initial de-risking exploration work completed over the project to prove up graphite mineralisation.

Corporate

On 23 January 2015, Shareholders at a General Meeting approved the change of nature and scale of the Company's activities, specifically the diamond prospecting licences acquisition agreements and the graphite licences acquisition agreements that the Company had entered into subject to shareholder approval.

On 11 December 2014, the Company announced that it was proceeding with a Prospectus to raise up to an additional \$3.5m at 20 cents per share (on a post consolidation basis). The Company has secured a partial underwriting of \$1.55m.

On 2 December 2014, the Company announced that it had entered into an agreement to sell one of its US subsidiaries, Birdwood Louisiana, LLC to Grand Gulf Energy Ltd (ASX: GGE) for a total consideration of US\$575,000.

On 28 November 2014, the Company advised that it had raised \$6 million through the issue of equity loans which will convert to shares. Shareholder approval to convert to equity has been received.



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Upon re-quotation the Company's Capital Structure will be:

Shares	
Shares on issue after consolidation	7,221,732
Shares to be issued to vendors of new projects	33,030,060
Shares to be issued on successful completion of \$3.5m Capital Raising	17,500,000
Shares to be issued on conversion of loans	30,500,000
Shares to be issued on conversion of Convertible Notes	2,600,000
Shares to be issued to Novus Capital	750,000
Total Shares	90,851,942

Options	
Unquoted exercisable at \$0.2412 Expire 10 November 2017	149,253
Options issues to vendors of new projects exercisable at \$0.21 and expire 2 years from date of issue	2,238,806
Options to be issued to Novus Capital exercisable at \$0.20 and expire on 1 December 2016	1,500,000
Options to be issued to Boomerang Capital exercisable at \$0.20 and expire on 31 October 2016	250,000
Options to be issued to CPS Securities Exercisable at \$0.20 and expire on 31 October 2016	250,000
Total Options	4,388,059



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Performance Rights	
Class A	2,238,806
Class B	1,119,403
Class C	1,238,806
Class D	1,119,403
Class E	14,000,000
Class F	14,000,000
Class G	14,000,000
Total	48,716,418

Subject to the satisfaction of the vesting conditions each Performance Right vests into one share. For full details of the vesting conditions shareholders should refer to Schedule 4 of the Notice of Meeting for the EGM held on 23 January 2015, which is available on the Company's and/or ASX website.

Save River Diamond Project

On 4 August 2014, the Company announced that it was acquiring (subject to shareholder approval) an effective 50.7% interest in a highly-prospective diamond licence (L4969) and a first right of refusal to acquire an effective 51.15% of an adjacent licence (L4525) downstream from the world-class Murowa and Marange diamond fields in Zimbabwe.

On 8 September 2014, the Company announced that it had secured the acquisition of 51.8% of the highly prospective diamond prospecting licence L4525 which sits in adjacent to L4969. The bulk sampling program was expanded to include the tenement L4525.

In January 2015, preliminary works associated with the 100,000 tonne trial mining program commenced upon the arrival of the key equipment on site.



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Deployment of Trial Mining Program equipment and preparation of site

Key trial mining equipment arrived on site with the trial mining program commencing upon shareholder approval of the acquisition agreements being achieved and subject to weather conditions.

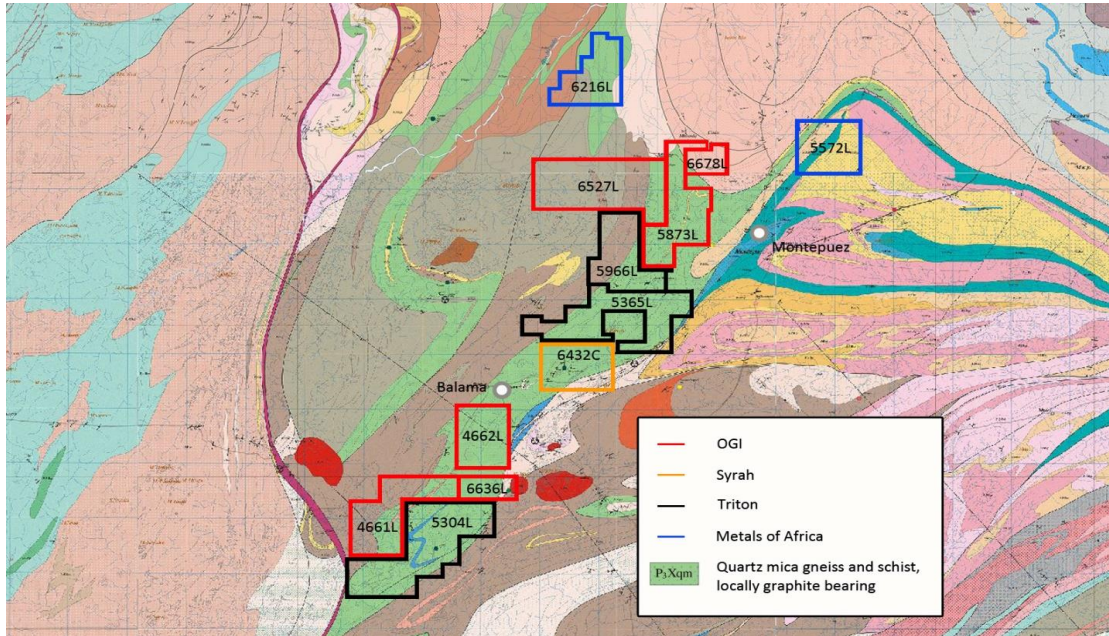
Balama Graphite Project

On 20 October 2014, the Company announced its agreement to acquire (subject to shareholder approval) interests in 6 tenements in the highly sought after Mozambique graphite province of Balama. Initial exploration work to de-risk the assets and prove up the graphite mineralisation had been completed and samples had been submitted to SGS Laboratories for analysis with the preliminary results expected within a month.

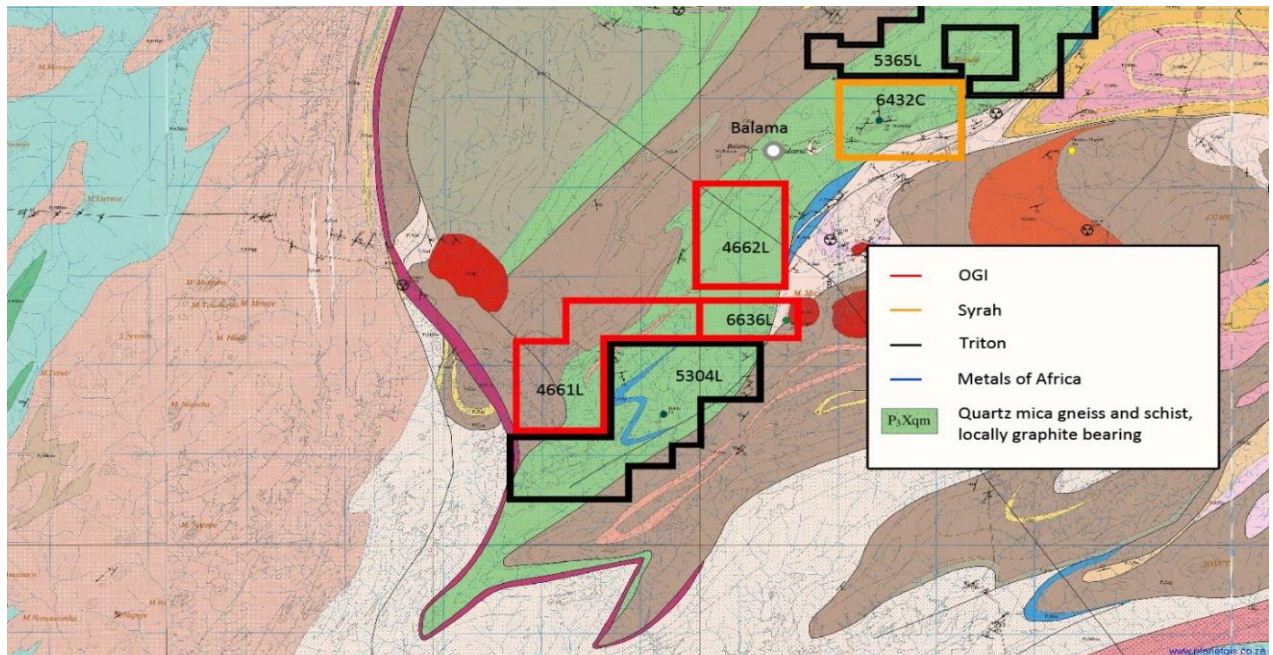
Balama has been confirmed as a world-class graphite province with the largest high grade graphite resource in the world proximate to the OGI tenements. The Syrah Resources (ASX: 1.2 billion ton graphite and vanadium deposit and the OGI tenements are also adjacent to the Triton Nicanda Hills graphite deposit which has been hailed as one of the largest high grade graphite deposits (103MT inferred) with a >500Mt exploration target.



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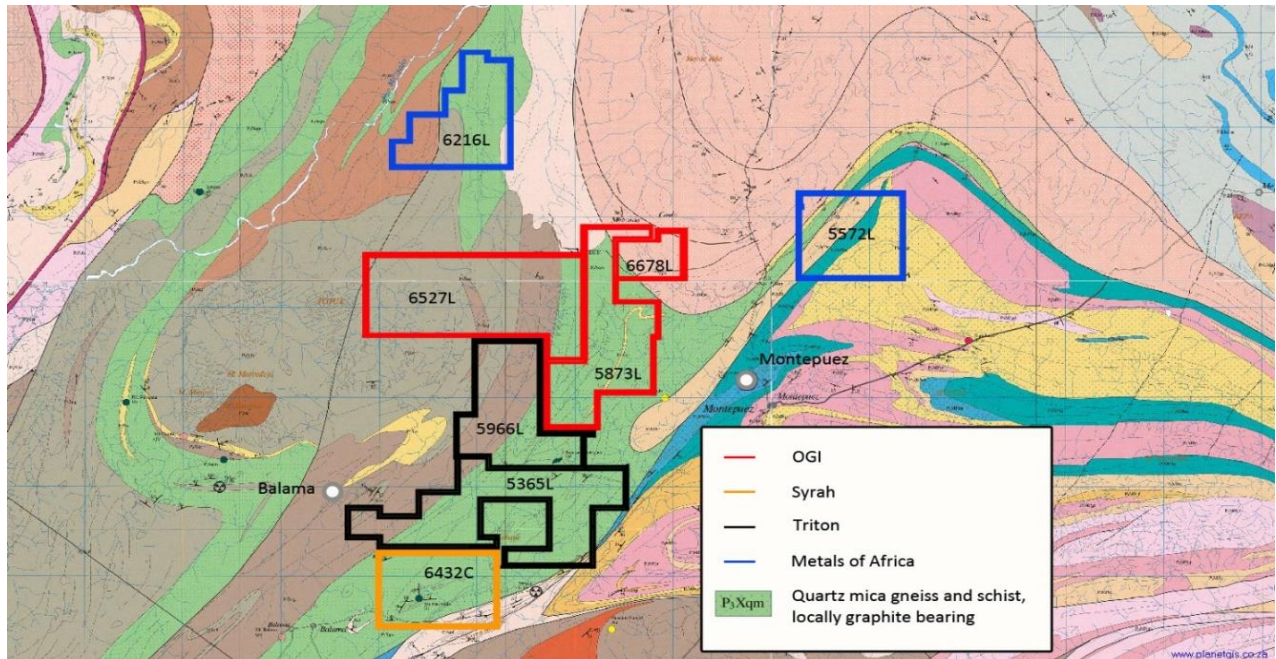
Balama Graphite Project Tenement Locations (marked as OGI)





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Balama Southern Graphite Licences



Balama Southern Graphite Licences

Within the Balama licences L5873L & L6527 a distinct positive anomaly is observed that strikes in a north-easterly direction from the established graphitic carbon intersection on the neighbouring property (L5966) as illustrated in the above image providing very strong indications of graphite mineralisation on licence L5873 held by Balama.

For further information contact:

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Executive Director

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Forward Looking Statements

This announcement contains forward looking statements that are subject to risk factors associated with diamond and graphite exploration and the oil and gas businesses. It is believed that the expectations reflected in these statements are reasonable but they may be affected by a variety of variables and changes in underlying assumptions which could cause actual results or trends to differ materially, including but not limited to: price fluctuations, actual demand, currency fluctuations, drilling and production results, reserve estimates, loss of market, industry competition, environmental risks, physical risks, legislative, fiscal and regulatory developments, economic and financial market conditions in various countries and regions, political risks, project delay or advancement, approvals and cost estimates.

31 Rule 5.3

Appendix 5B

Mining exploration entity quarterly report

Introduced 1/7/96. Origin: Appendix 8. Amended 1/7/97, 1/7/98, 30/9/2001.

Name of entity

Mustang Resources Limited (Previously OGI Group Ltd)

ABN

34 090 074 785

Quarter ended ("current quarter")

31 December 2014

Consolidated statement of cash flows

	Current quarter \$A'000	Year to date \$A'000
Cash flows related to operating activities		
1.1 Receipts from product sales and related debtors	105	306
1.2 Payments for		
• exploration and evaluation	-	-
• development	(88)	(342)
• production	(24)	(169)
• administration	(414)	(903)
• admin- funding agreement settlement	(298)	(298)
• admin – restructure expenses	(94)	(94)
1.3 Dividends received		
1.4 Interest and other items of a similar nature received	2	2
1.5 Interest and other costs of finance paid	(46)	(79)
1.6 Income taxes paid		
1.7 JV Trust Accounts		
Net Operating Cash Flows	(857)	(1,577)
Cash flows related to investing activities		
1.8 Payment for purchases of:		
• prospects		
• equity investments		
• other fixed assets		
1.9 Proceeds (costs) from sale of:		
• Project asset	732	657
• equity investments		
• other fixed assets		
1.10 Loans (to)from other entities	(1,860)	(1,972)
1.11 Refunds/(Payments) of Security Deposits	-	61
Net investing cash flows	(1,128)	(1,254)

+ See chapter 19 for defined terms.

Mustang Resources Limited
Appendix 5B – 31 December 2014
Mining exploration entity quarterly report

1.13	Total operating and investing cash flows	(1,985)	(2,831)
1.13	Total operating and investing cash flows (carried forward)	(1,985)	(2,831)
Cash flows related to financing activities			
1.14	Proceeds from issues of shares, options, etc.		
1.15	Costs of the Issue		
1.16	Proceeds from borrowings	5,774	5,774
1.17	Repayment of borrowings	(580)	(580)
1.18	Dividends paid		
1.19	Other (provide details if material)		
	Net financing cash flows	5,194	5,194
	Net increase (decrease) in cash held	3,209	2,363
1.20	Cash at beginning of quarter/year to date	673	1,478
1.21	Exchange rate adjustments to item 1.20	41	82
1.22	Cash at end of quarter	3,923	3,923

Payments to directors of the entity and associates of the directors
Payments to related entities of the entity and associates of the related entities

		Current quarter \$A'000
1.23	Aggregate amount of payments to the parties included in item 1.2	93
1.24	Aggregate amount of loans to the parties included in item 1.10	-
1.25	Explanation necessary for an understanding of the transactions	
	Salaries, Directors Fees, Travel Reimbursements & Prospectus Lodgement Fee reimbursement	

Non-cash financing and investing activities

2.1	Details of financing and investing transactions which have had a material effect on consolidated assets and liabilities but did not involve cash flows
	On 21 October 2014 8,000,000 Convertible Notes converted into shares, reducing the Company's debt by \$400,000.
	On 10 November 2014 the Company's debt was further reduced by the conversion of \$250,000 of the Convertible Security into shares.
2.2	Details of outlays made by other entities to establish or increase their share in projects in which the reporting entity has an interest
	Nil

+ See chapter 19 for defined terms.

Financing facilities available

	Amount available \$A'000	Amount used \$A'000
3.1 Loan facilities	0	0
3.2 Credit standby arrangements	0	0

Estimated cash outflows for next quarter

	\$A'000
4.1 Exploration and evaluation	-
4.2 Development	625
4.3 Production	-
4.4 Administration	400
Total	1,025

Reconciliation of cash

Reconciliation of cash at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts is as follows.

	Current quarter \$A'000	Previous quarter \$A'000
5.1 Cash on hand and at bank	3,923	673
5.2 Deposits at call		
5.3 Bank overdraft		
5.4 Other (provide details)		
Total: cash at end of quarter (item 1.22)	3,923	673

+ See chapter 19 for defined terms.

Changes in interests in mining tenements

	Tenement reference	Nature of interest (note (2))	Interest at beginning of quarter	Interest at end of quarter
6.1	Interests in mining tenements relinquished, reduced or lapsed			
6.2	Interests in mining tenements acquired or increased			

Issued and quoted securities at end of current quarter

Description includes rate of interest and any redemption or conversion rights together with prices and dates.

	Total number	Number quoted	Issue price per security (see note 3)	Amount paid up per security (see note 3)
7.1	Preference securities			
7.2	Changes during quarter (a) Increases through issues (b) Decreases through returns of capital, buy-backs, redemptions			
7.3	*Ordinary securities	483,856,094	483,856,094	
7.4	Changes during quarter (a) Increases through issues (b) Decreases through returns of capital, buy-backs	155,217,989	155,217,989	

+ See chapter 19 for defined terms.

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Appendix 5B – 31 December 2014
Mining exploration entity quarterly report

7.5	*Convertible debt securities (description)	Number	+Class	Conversion \$	Maturity
	Face value of \$0.05 but can convert at (Series 1 & 2) 85% of 10 day VWAP prior to maturity, (Series 3 90% of 5 day VWAP).	3,500,000 4,120,000 1,000,000 -	Series 1 Series 2 Series 3 Series 4		Converting upon the share consolidation being complete
7.6	Changes during quarter (a) Increases through issues (b) Decreases through securities matured, converted or redeemed				
7.7	Options (description and conversion factor)			Exercise price	Expiry date
		1,800,000	Unlisted	\$0.50	19 March 2016
		400,000	Unlisted	\$0.06	19 April 2016
		1,000,000	Unlisted	\$0.03	22 May 2016
		440,000	Unlisted	\$0.0375	27 June 2016
		536,000	Unlisted	\$0.03	31 July 2016
		524,445	Unlisted	\$0.00275	6 Sep 2016
		10,000,000	Unlisted	\$0.0036	10 Nov 2017
7.8	Issued during quarter	10,000,000	Unlisted	\$0.0036	10 Nov 17
7.9	Exercised during quarter				
7.10	Expired during quarter				
7.11	Debentures (totals only)	0			
7.12	Unsecured notes (totals only)	0			

+ See chapter 19 for defined terms.

Compliance statement

- 1 This statement has been prepared under accounting policies which comply with accounting standards as defined in the Corporations Act or other standards acceptable to ASX (see note 4).
- 2 This statement does give a true and fair view of the matters disclosed.

Chris Ritchie

Executive Director

Date: 30 January 2015

Notes

- 1 The quarterly report provides a basis for informing the market how the entity's activities have been financed for the past quarter and the effect on its cash position. An entity wanting to disclose additional information is encouraged to do so, in a note or notes attached to this report.
- 2 The "Nature of interest" (items 6.1 and 6.2) includes options in respect of interests in mining tenements acquired, exercised or lapsed during the reporting period. If the entity is involved in a joint venture agreement and there are conditions precedent which will change its percentage interest in a mining tenement, it should disclose the change of percentage interest and conditions precedent in the list required for items 6.1 and 6.2.
- 3 **Issued and quoted securities** the issue price and amount paid up is not required in items 7.1 and 7.3 for fully paid securities.
- 4 The definitions in, and provisions of, *AASB 1022: Accounting for Extractive Industries* and *AASB 1026: Statement of Cash Flows* apply to this report.
- 5 **Accounting Standards** ASX will accept, for example, the use of International Accounting Standards for foreign entities. If the standards used do not address a topic, the Australian standard on that topic (if any) must be complied with.

+ See chapter 19 for defined terms.