



30 April 2015

**QUARTERLY ACTIVITIES REPORT
FOR PERIOD ENDING 31 MARCH 2015**



Sun rising over the Save River Diamonds Project

HIGHLIGHTS

The Board of Directors of Mustang Resources Ltd (ASX: MUS) ("Mustang" or the "Company") is pleased to provide shareholders with the Quarterly Activities Report for the period ending 31 March 2015.



Corporate

- The Company held a General Meeting on 23 January 2015 at which all resolutions were passed.
- Trading in the Company's shares was suspended on 22 January 2015 pending satisfaction of the requirements for re-instatement to official quotation.
- The Company lodged its re-quotation Prospectus to raise \$3.5 million at 20 cents per share on 2 April 2015.
- The Offer raised \$3.5 million and was heavily oversubscribed by \$2 million.
- The Prospectus enables the Company to re-comply with Chapters 1 and 2 of the ASX Listing Rules.
- Full and final settlement of all legal actions and claims concerning the Permian project leases in the U.S. has occurred eliminating possible litigation exposure in the United States.
- Completion of the sale of Birdwood Louisiana, LLC to Grand Gulf Energy Ltd for US\$575,000 is expected in May 2015, which will result in the Company having disposed of all its material oil and gas interests in the U.S.

Re-instatement to official quotation on ASX is expected early in May 2015, following completion of the share offer, the asset acquisitions and the satisfaction of all other requirements for re-instatement.



Save River Diamonds Project

- Earthmoving, processing and diamond recovery equipment arrived on site at the Save River Diamonds Project in southwestern Mozambique.
- Clearing of the site and the establishment of an exploration camp was completed and a 100,000 tonne bulk sampling program commenced.
- Total advances of US\$2.5 million under the loan facility in favour of the vendor companies were made by the Company as of 31 March 2015 to fund the bulk sampling program, with such advances and accruing interest secured by way of priority repayment from any future diamond revenues and further secured by way of rights to register fixed and floating charges, which are being registered.

Balama Graphite Project

- Preliminary testing of the Balama Graphite project commenced with initial field work in September - October 2014.
- Graphite mineralisation has been identified on all of the Balama Resources Pty Ltd graphite licences in which the Company has agreed to acquire majority interests by acquiring all of the issued capital of Balama Resources Pty Ltd.
- Graphite outcrops discovered on 2 of the licences (4661L & 4662L) with initial sampling showing graphite grades of 8% to 14% Total Graphitic Content ("TGC").
- Airborne Electromagnetic (VTEM/SkyTEM) survey planned for the second quarter of 2015 followed by resource drilling and detailed sample analysis. The goal is to estimate an initial JORC Mineral Resource as quickly and efficiently as possible.
- Loan facility commitment has been increased to US\$500,000.



CORPORATE

On 23 January 2015 the Company held a General Meeting of Shareholders to approve a change in the nature and scale of its activities, the 1:67 consolidation of capital, the \$3.5 million capital raising and the issue of shares, options and performance shares to various parties. All resolutions were passed. Shareholders also approved the change of company name from OGI Group Limited to Mustang Resources Limited.

On 2 April 2015, the Company lodged a re-quotation Prospectus which enabled the Company to make an offer to raise fresh equity capital of \$3.5 million and which also is an essential component in seeking to comply with Chapters 1 and 2 of the ASX Listing Rules to achieve re-instatement to official quotation.

The total of \$3.5 million was raised from the offer which closed on 22 April 2015. The offer was heavily oversubscribed by \$2 million.

The Company will proceed to complete the various acquisitions of diamond and graphite licence interests in Mozambique and to satisfy all other requirements for re-instatement to official quotation on ASX.

This \$3.5 million raised through the Prospectus, combined with the \$5.8m raised in November 2014, provide the Company with the financial flexibility to significantly advance both the Save River Diamonds Project and the Balama Graphite Project.

Settlement of all legal action concerning the Permian project leases in the U.S.

On 27 March 2015 the Company reached agreement with Mr. Paul Page and Petro Raider, LLC to settle and mutually release all claims in regard to the Permian project leases in the U.S. The settlement involved the payment of US\$400,000 to Petro-Raider LLC and the payment of US\$100,000 to the Company from the US\$500,000 escrowed from the sale of the Permian leases to Laredo Petroleum Inc. ("Laredo").



On submission of the settlement documentation to Laredo, Laredo refused to acknowledge the agreement was a written non-appealable court order or other waiver satisfactory to Laredo, as required under the purchase and sale agreement. The Company strongly refuted the actions of Laredo. The full US\$500,000 was returned from escrow to Laredo.

However, in order to progress forward, a new agreement was entered into by all parties to settle and mutually release all claims concerning the leases. The agreement was executed by all parties on 1 April 2015 and Laredo transferred to the Company US\$400,000 which was then on-forwarded to Petro-Raider LLC; the balance, US\$100,000 was retained by Laredo.

The termination of all legal action and the mutual release of all claims removed a significant contingent liability of the Company and allowed the Company to continue to progress the Diamond and Graphite projects without major legacy issues.

Sale of Birdwood Louisiana, LLC

The Company expects to settle the sale of Birdwood Louisiana, LLC to Grand Gulf Energy Ltd for US\$575,000 immediately after the completion of the acquisition of the diamond and graphite licences in Mozambique in May 2015.

The sale of Birdwood extinguishes any and all further US exposure to litigation.

SAVE RIVER DIAMONDS PROJECT

In January 2015, preliminary works associated with the 100,000 tonne bulk sampling program at the Save River Diamonds Project commenced. In March 2015, the Company announced that bulk sampling equipment had arrived on site. The site was cleared, an exploration camp was established and the 100,000 tonne bulk sampling and processing plant construction commenced.



Mustang currently has the following plant & equipment on site:

- Earth-moving Fleet:
 - 2 x Bell B20 dump trucks,
 - 1 x Hitachi 210 Excavator (20 ton)
 - 1 x Komatsu front end loader
 - 1 x Caterpillar TLB
 - 1 x Massey Ferguson 399
- Processing Plant:
 - 1 x barrel screen
 - 1 x 16-foot rotary-pan plant with the potential to run at 60 tph
 - 2 x Bushman Jigs (processing up to 3 tons a day)

All gravels exposed during pitting and trenching will be processed for diamonds using rotary pans and Boesman jigs. Diamond size distribution and volume estimates will be used to determine the grade of diamonds in the area and the depth continuity of troughs/grabens will be confirmed during pitting and trenching.



Installed Bulk Sampling Plant



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16-foot rotary-pan used for concentrating heavier minerals (incl. diamonds)



Exploration Camp established for Save River Diamonds Project



As of 31 March 2015 total drawdowns under the loan facility provided by the Company to Save River Diamonds Pty Ltd and Sese Diamonds Pty Ltd were the equivalent of A\$3.2 million.

During March 2015 Mustang engaged experienced diamond geologist, Dr. Renato Spaggiari to conduct a field visit to the Save River Diamonds project and provide Mustang with a report on his observations of the geology of the area and associated recommendations on future exploration work. Dr. Spaggiari has more than 33 years of experience in diamonds specialising in alluvial diamonds. He previously worked as a geologist for De Beers after which he worked as a 'competent person' geologist on numerous alluvial diamond projects across Africa.

Dr. Spaggiari identified a number of terraces to be tested during the bulk sampling process and also confirmed that from his observations in the field that the Save River's flow conditions during its evolution were at times highly energetic – energetic enough to transport and concentrate diamonds. Dr. Spaggiari also confirmed the soundness of the geological model being tested by Mustang, and that diamonds could have been transported from the Marange diamond fields by the Save River and deposited in the licence areas in which Mustang has agreed to acquire majority interests.



Dr. Spaggiari and the geological team in the field, March 2015

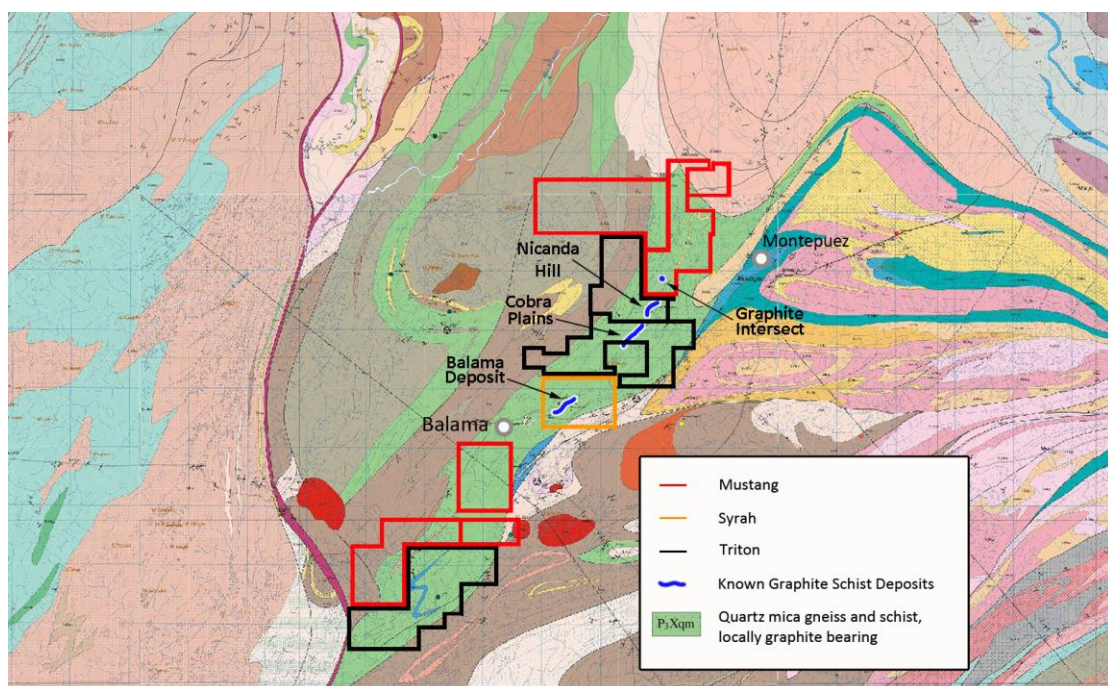


Mustang will update shareholders shortly on the progress of the bulk sampling and exploration work at the Save River Diamonds Project.

BALAMA GRAPHITE PROJECT

During the quarter, the Company completed initial exploration work to de-risk the assets and to identify graphite mineralisation. Samples were taken from the project and preliminary results confirmed the presence of high grade graphite with field work confirming the presence of graphite mineralisation on all of the Balama Resources Pty Ltd graphite licences.

The Balama region has been confirmed as a world-class graphite province with the largest high-grade graphite resource in the world at Syrah Resources' 1.2 billion ton graphite and vanadium deposit. The licences in which the Company will acquire interests are also adjacent to the Triton Minerals' Nicanda Hills graphite deposit which has been hailed as one of the largest high grade graphite deposits (103MT inferred) with a >500Mt exploration target.

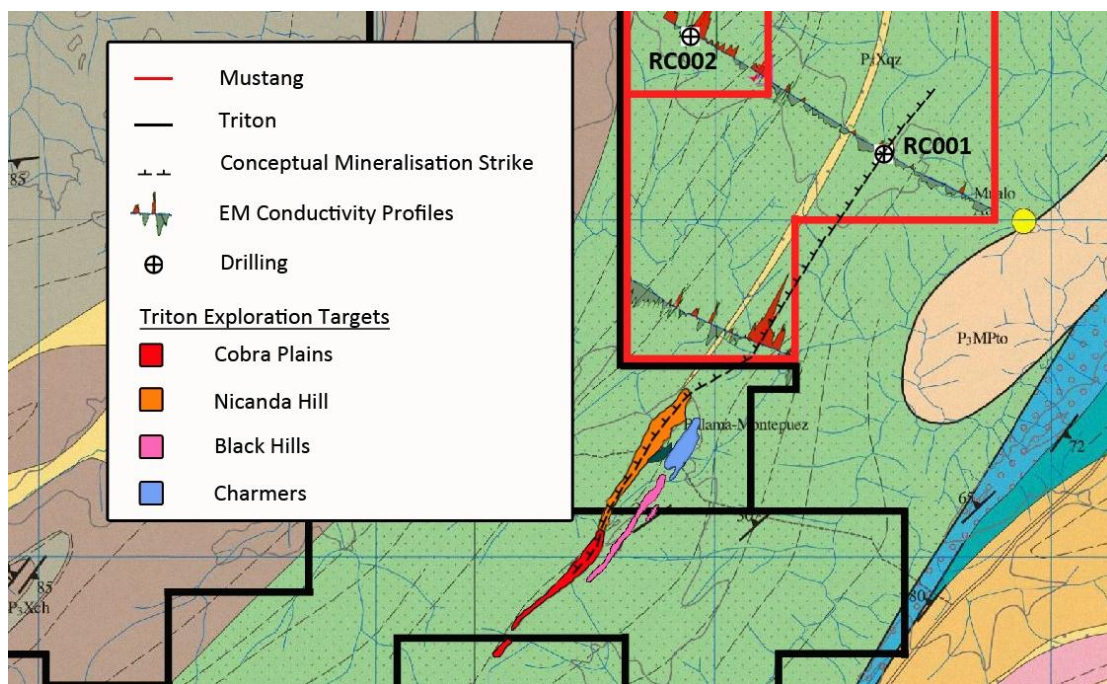




MUSTANG RESOURCES LTD

Mustang Graphite Project Licences

Within the Licences 5873L & 6527L a distinct positive anomaly is observed that strikes in a north-easterly direction from the established graphitic carbon intersection on the neighbouring property held by Triton Minerals (Nicanda Hills Graphite Deposit) (5966L) as illustrated in the below image providing very strong indications of significant graphite mineralisation on licence 5873L held by Balama Resources Pty Ltd which company the Company has agreed to acquire as a wholly owned subsidiary. This is further validated by the results of drill hole RC001 with 56m of semi-continuous shallow graphite zone intersected from 4m to 60m (open at depth). Sample analysis for 5873L returned up to 14% TGC.



Licence 5873L (red), adjacent to Triton Nicanda Hills Deposit (orange).

Mustang Graphite Next Steps

Mustang is currently completing a tender process for the acquisition of high resolution airborne Electromagnetic (EM) data and expects that the survey will commence early in the June 2015 quarter. The acquired EM data will then be interpreted to select the best locations for a full dry season's drilling program, to take place from June to November 2015.



For and on behalf of the Board

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Competent Person's Statement - Diamonds

Information in this report that relates to Exploration Targets, Exploration Results, Mineral Resources or Ore Reserves is based on information compiled by Mr. Renato "Spaggs" Spaggiari, a Competent Person who is a registered member of the South African Council for Natural Scientific Professions (SACNASP) which is a Recognised Professional Organisation (RPO) included in a list posted on the ASX website. Mr Spaggiari is a consultant in South Africa who was engaged by the company to undertake this work. Mr Spaggiari has sufficient experience which is relevant to the style of mineralisation and type of deposit under consideration and to the activity which he is undertaking to qualify as a Competent Person as defined by the 2012 Edition of the Australasian Code for reporting of Exploration Results. Mr Spaggiari consents to the inclusion of the data in the form and context in which it appears.

Competent Person's Statement - Graphite

Information in this report that relates to Exploration Targets, Exploration Results, Mineral Resources or Ore Reserves is based on information compiled by Mr Johan Erasmus, a Competent Person who is a registered member of the South African Council for Natural Scientific Professions (SACNASP) which is a Recognised Professional Organisation (RPO) included in a list posted on the ASX website. Mr Erasmus is a consultant of Sumsare Consulting, Witbank, South Africa who was engaged to undertake this work. Mr Erasmus has sufficient experience which is relevant to the style of mineralisation and type of deposit under consideration and to the activity which he is undertaking to qualify as a Competent Person as defined by the 2012 Edition of the Australasian Code for Reporting of Exploration Results. Mr Erasmus consents to the inclusion of the data in the form and context in which it appears.

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.