

14 JULY 2015

UPDATE ON THE SAVE RIVER DIAMOND PROJECT IN MOZAMBIQUE

Highlights:

- A 2.6 carat gem quality diamond was recovered from ongoing near surface (<3.5 metre) bulk-sampling activities
- Surface bulk sampling continuing with preparations being made for larger volume bulk sampling targeting deeper gravels
- All required equipment acquired for 1,000 tonne per day bulk sampling operation
- Major items already being mobilised to site

COMPANY

INFORMATION

Mustang Resources Ltd
ABN 34 090 074 785

COMPANY DIRECTORS

Ian Daymond: Chairman
Cobus van Wyk: Director
Frank Petruzzelli : Director
Andrew Law : Director

MANAGEMENT

Andrew Law: COO
Cobus van Wyk: Exec
Dir
Chris Ritchie: CFO / Co Sec

STOCK EXCHANGE LISTING

Australian Securities Exchange
ASX Code: MUS

Current Shares on Issue:

90,679,097

Market Capitalisation as at 13
July 2015 was \$20.9 million

CURRENT PROJECTS

Diamonds

- Save River Project

Graphite

- Balama Project

mustangresources.com.au



Largest Save River Diamond recovered 9 July 2015; 2.585 carat

Mustang Resources Limited, (ASX: MUS) ("Mustang" or the "Company") is pleased to provide an update on exploration activities on its Save River Diamond Project, located in southern Mozambique.

A gem quality 2.6 carat white diamond, the largest diamond to be recovered so far, was recovered on 9 July 2015. This is a very exciting find for the Company and significant as it was recovered from the shallow deflation surface gravels.

To date, some 12.5ct have been recovered from deflation surface sampling.

The Company has acquired all required equipment to start with higher volume bulk sampling (1,000 tonnes per day) including the procurement of a FlowSort X-Ray final recovery plant.

Project Background

The Save River Diamond Project is the collective name for the two concessions in the Gaza Province alongside the Save River in southern Mozambique bordering Zimbabwe, namely 4525L ($\pm 2,384.23$ ha) and 4969L ($\pm 21,700$ ha), as shown in **Error! Reference source not found..**

Mustang currently holds 78% of Save River Diamonds Pty Ltd which in turn holds the rights to acquire a 65% interest in Licence 4969L. Furthermore, Mustang holds 74% of the issued capital of Sese Diamonds Pty Ltd with Sese holding 70% of Mozvest Mining Limitada the holder of Licence 4525L.

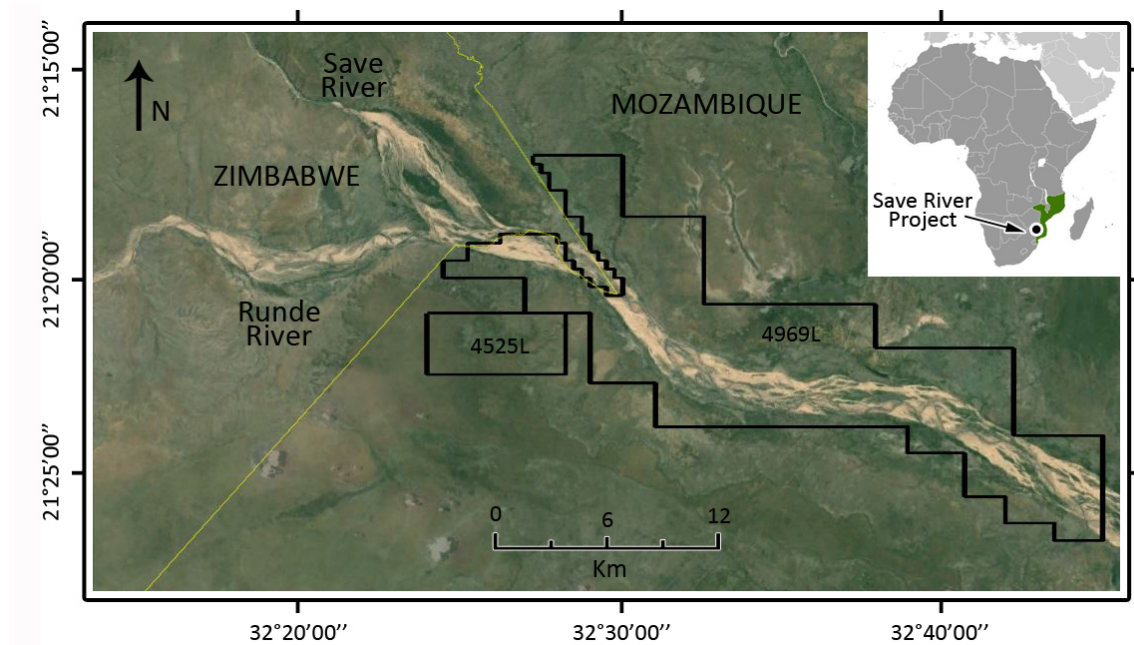


Figure 1: Mustang's Save River Diamond Project

Table 1: Save River Diamond Project Licence details

Licence No.	Area (km ²)	Status	Issue Date	Valid Until	Interest
4525L	23.84	Granted	22-11-2011	22-11-2016	51.8%
4969L	217	Granted	26-04-2012	26-04-2017	50.7%

Further Equipment Acquired

The following list of additional equipment has been successfully acquired by the Company and is currently en route to the Save River Diamond Project:

1. Dual stage FlowSort X-Ray recovery machine
2. Komatsu front-end-loader 470
3. Hitachi 870 excavator
4. 16ft rotary pan plant
5. Two separate conveyor feed bins
6. SAMil-mounted water truck
7. RC drill rig mounted on SAMil truck
8. 165 Massey Ferguson tractor.
9. 140 kVA Generator
10. 65,000 litre water reservoir



Figure 2: Second Rotary Pan loaded for transport to site

The procurement of this equipment is significant as it will allow the Company to process a larger volume of diamond bearing gravels and also through the introduction of the FlowSort final recovery plant increase the accuracy and volume of diamond recoveries.

Furthermore, the larger 80 tonne excavator will have the ability to break through the hard calcrete layer that has been encountered. This calcrete layer has, to date, limited the Company to testing only the shallower, deflation surface gravels (<3.5m).

Table 2: Exploration sample results

Sample	Volume (m³) est.	# Stones	Total Carats (ct)	Average Stone Size (ct/st)
Pit001	1,271	3	1.68	0.56
Pit002	592	2	2.59	1.30
Pit003	1,799	5	2.37	0.47
Pit004	871	4	1.61	0.40
Pit005	1,187	3	1.67	0.56
Pit006	720	1	2.58	2.58
Total	6,440	18	12.50	0.69

The Directors are encouraged by the significant progress being made by the Company in the exploration and development of its Save River Diamond Project in Mozambique.

For and behalf of the Company

Ian C Daymond
Chairman

For further information please contact:

Company Secretary:

Chris Ritchie
info@mustangresources.com.au
+61 3 9347 2409

Media & Investor Relations:

Jane Morgan
jm@janemorganmanagement.com.au
+61 (0) 405 555 618

Competent Person's Statement

In this report that relates to Exploration Targets, Exploration Results, Mineral Resources or Ore Reserves is based on information compiled by Tania R Marshall, 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. Dr Marshall is a consultant with Explorations Unlimited South Africa who was engaged by the Company to undertake this work. Dr Marshall has sufficient experience which is relevant to the style of mineralisation and type of deposit under consideration and to the activity which she is undertaking to qualify as a Competent Person as defined by the 2012 Edition of the Australasian Code for Reporting of Exploration Results. Dr Marshall consents to the inclusion of the data in the form and context in which it appears.

Forward-Looking Statements

This document may include forward-looking statements. Forward-looking statements include, but are not necessarily limited to the Company's planned exploration program and other statements that are not historic facts. When used in this document, words such as "could", "plan", "estimate", "expect", "intend",

“may”, “potential”, “should” and similar expressions are forward-looking statements. Although the Company believes that its expectations reflected in these statements are reasonable, such statements involve risks and uncertainties, and no assurance can be given that actual results will be consistent with these forward-looking statements.