



QUARTERLY ACTIVITIES REPORT

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 Director
Chris Ritchie: CFO / Co Sec

STOCK EXCHANGE LISTING

Australian Securities
Exchange
ASX Code: MUS

Current Shares on Issue:
90,679,097
Market Capitalisation
\$18.1 million as at 29 July
2015

CURRENT PROJECTS

DIAMONDS

- Save River Diamond Project

GRAPHITE

- Balama Graphite Project

mustangresources.com.au

30 July 2015

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 30 June 2015.

SAVE RIVER DIAMOND PROJECT

- Initial surface bulk sampling program on-going with 6 trenches tested to date
- 9.92 carats recovered with 16 gem quality diamonds from five initial sample pits
- Subsequent to 30 June 2015, a gem quality 2.6 carat white diamond was discovered in the shallow deflation surface gravels
- Production profile to be significantly increased with the acquisition of a flowsorter and associated equipment
- Field work is continuing over the project to confirm the additional gravel deposits
- RC drilling to commence exploration below calcrete layer
- Diamond expert engaged to evaluate and analyse recovered stones.



Image:

Largest Save River Diamond recovered 9 July 2015 - 2.585 carat

BALAMA GRAPHITE PROJECT

- Large flake graphite potential confirmed at Balama Graphite Project
- Laboratory assays results from initial rock chip sampling and from a scout drilling program received
- Geological mapping and reconnaissance programs completed
- 4,000km geophysical (SkyTEM) exploration program approved and to commence in August 2015.



*Image:
Planned Helicopter SkyTEM program.*

CORPORATE

- The Company was successfully re-instated on the ASX on 10 June 2015
- The Board of the Company now consists of two Executive Directors and two Non-executive directors
- The Company successfully concluded the sale of its producing USA oil and gas assets
- The Company has approximately AU\$3.7 million in cash as at 30 June 2015 and is effectively debt free.

SAVE RIVER DIAMOND PROJECT

Mustang Diamonds has recovered alluvial gem quality diamonds from the Save River Diamond Project in Mozambique. This project area covers an area over 24,000 hectares in size and is located in the Save River Valley, downstream from Murowa and Marange diamond fields in Zimbabwe. The large size of the project area significantly increases the opportunity to identify larger volume diamond deposits.

The Exploration Program immediately commenced with the excavation of over 5000km³ of alluvial material to prove the presence of diamonds. The purpose of these samples were to assess the economic potential of the gravels by determining the diamond quality, quantity and distribution in the alluvial material. The bulk sampling focused on the surface, outcropping gravel at the highest elevation of the project.

Bulk sampling began on 23 March 2015 and a total of 17 diamonds were found up until the end of June. These diamonds have only been found within the top layer of gravels which have been exposed at surface. The presence of gravels at a subsurface level has been observed. However, the gravels have not been processed due to the current 20 Tonne excavator not being able to break into this layer. An 87 tonne excavator has been acquired and is being mobilised to site. This new excavator will expand the pit excavation and will assist in digging deeper to the bedrock.

The Save River Diamond Project represents a substantial opportunity to explore for a large volume alluvial diamond deposit. Further bulk sampling will continue with emphasis being placed on increasing the sample sizes and washing of the subsurface gravels.



*Image:
Bulk Sampling Processing Plant*

During the Quarter a total of 5,720 m³ of material was excavated and processed from Pit 001, Pit 002, Pit 003, Pit 004 and Pit 005. A total of 16 diamonds were recovered during the quarter to 30 June 2015.

All 16 diamonds were found within the top layer of the surface gravels (0~3.5 metres).

Sample	Volume (m ³)	Date	Stone	# Stones	Total Carats (ct)
Pit 001	1,271	27-Mar-2015	0.43	3	1.69
		27-Mar-2015	0.44		
		02-Apr-2015	0.82		
Pit 002	592	08-Apr-2015	0.96	2	2.59
		15-Apr-2015	1.64		
Pit 003	1,799	21-Apr-2015	0.58	5	2.37
		24-Apr-2015	0.60		
		04-May-2015	0.46		
		08-May-2015	0.48		
		19-Jun-2015	0.26		
Pit 004	871	19-May-2015	0.27	4	1.61
		19-May-2015	0.29		
		21-May-2015	0.38		
		21-May-2015	0.68		
Pit005	1,187	08-Jun-2015	0.15	3	1.67
		08-Jun-2015	0.75		
		09-Jun-2015	0.77		
Average Stone Size (ct/st)					0.58

Table 1:
Production to 30 June 2015

BALAMA GRAPHITE PROJECT

Summary of Exploration Results

Through its 100% acquisition of Balama Resources Pty Ltd (refer to ASX announcement 20 October 2014), the Company has interests in 6 tenements collectively covering an area of some 66,664 ha (666.64 km²) in the highly prospective Cabo Delgado graphite province.

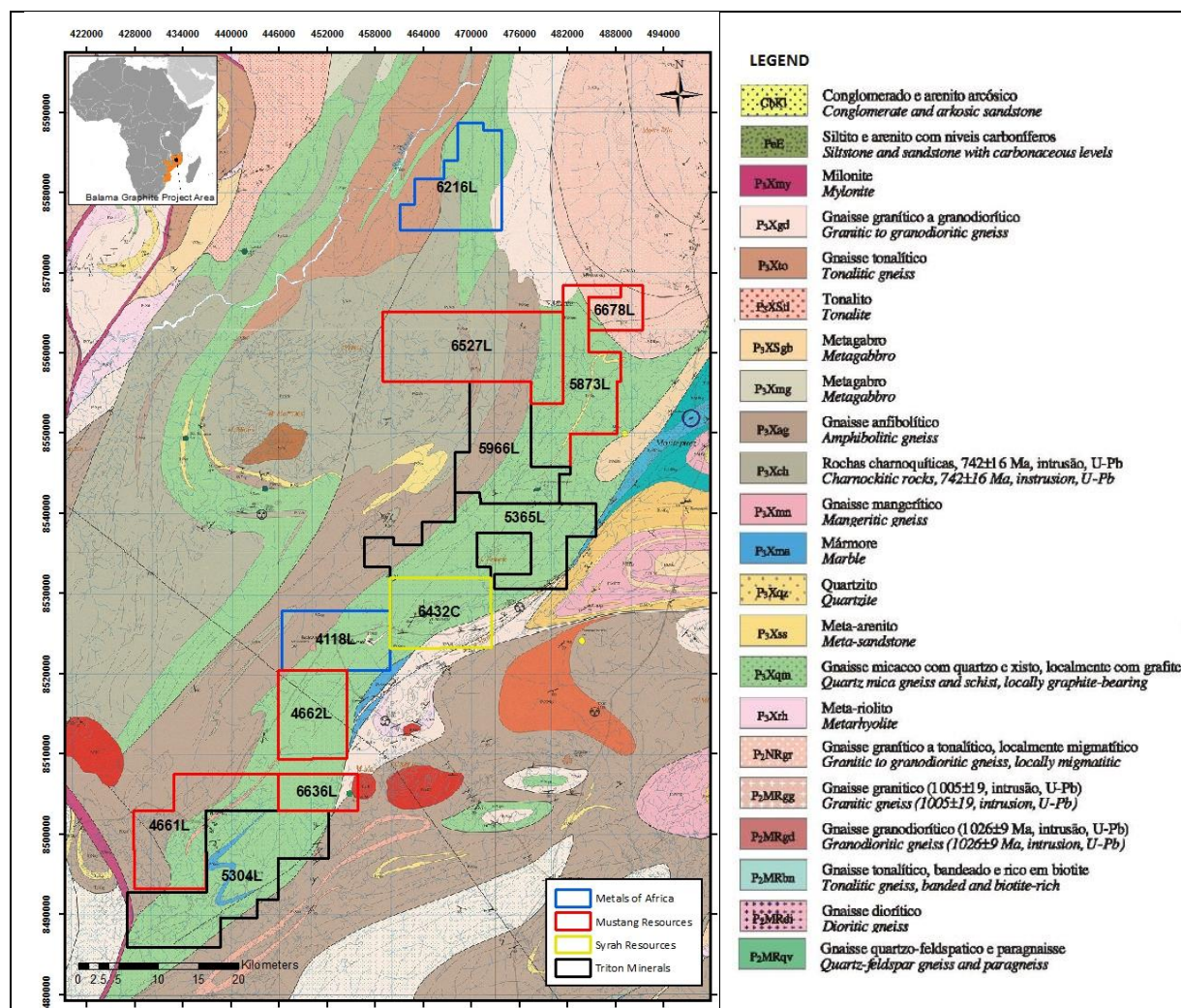


Figure 2: Location of Mustang Prospecting Licences overlaying the Xixano and Namuno regional geological mapping and depicting the location of ground held by Syrah Resources, Triton Minerals and Metals of Africa.

During the Quarter the Company received the final assay results from the samples taken during the September to October 2014 field work program.

The results of grab samples collected from outcrops returned up to 13.5% TGC with high percentages of large to super-jumbo flake graphite. Also encouraging were scout drilling samples collected during the same program which returned results with up to 17% TGC with high percentages of large to super-jumbo flake size graphite.

Airborne Survey and Next Steps

Mustang has engaged the services of SkyTEM to perform a 4,000km airborne electromagnetic survey of the licence areas in order to identify electromagnetic zones to target with future drilling. SkyTEM systems are designed to detect subtle variations in conductivity/resistivity, making it possible to deliver accurate high resolution images of alterations in the earth to be able to assist with anomaly identification.

The magnetometer and gamma ray spectrometer are mounted directly on the frame, so that measurements are made as close to the ground as possible using a helicopter as a geophysical platform. An example of SkyTEM's completed output map is seen below. The SkyTEM systems will illuminate a graphitic ore body. The results of the survey will provide an indicative size of the graphitic body, well as provide exploration targets for future targeted follow up drilling programs.

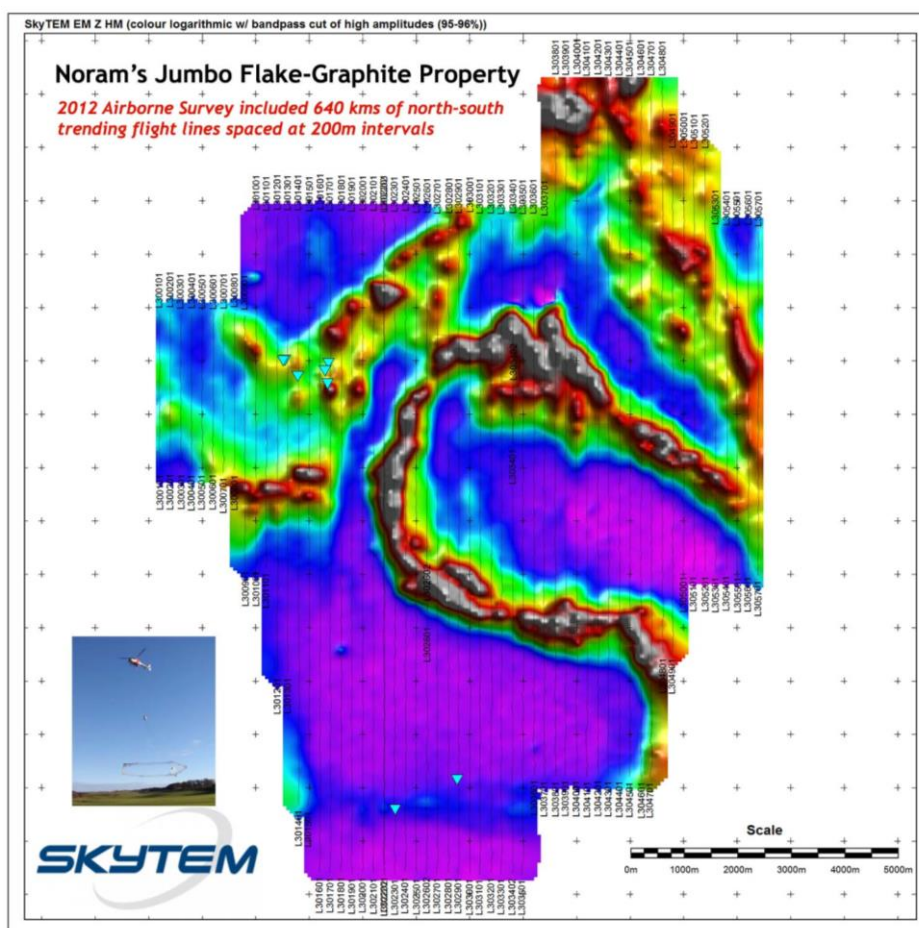


Figure 3:
An example of the SkyTEM completed output map.

Once the Airborne EM survey has been completed and analysed, a phased targeted drilling program will be planned. After the initial drilling of main anomalies, and having better defined the graphitic mineralisation zones, the aim will be to advance the project from the exploration target stage through the various levels of mineral resource confidence to scoping study and feasibility stages.

CORPORATE

On 10 June 2015, the Company was reinstated to official quotation on ASX after successfully completing its transformation from an oil and gas explorer to a Company focused on Diamond and Graphite mining in Mozambique.

On the same day the Company announced the appointment of Mr Cobus van Wyk as an Executive Director, Mr Andrew Law as its Chief Operating Officer and the resignation of Mr Mark Freeman as a Non-executive director.

On 25 June 2015, the Company concluded the sale of Birdwood Louisiana, LLC, one of its subsidiaries in the USA. The sale included the Company's working interests in the Hensarling #1 well, the Dugas & Leblanc #3 well and the leases and facilities associated with those wells at the Napoleonville project. In addition, the Company was relieved of its liability to plug and abandon the Fausse Point project and a US\$100,000 farm in exposure. The sale price was US\$575,000.

On 30 June 2015, the Company announced it had reached agreement with Texakoma Operating, LP to resolve a disputed debt of US\$558,000. The Company paid US\$150,000 and issued 447,761 fully paid shares in the Company and assigned the Company's working interest in the Sugar Valley #1 well to Texakoma in full and final settlement of the dispute.

The Texakoma transaction concluded the Company's oil and gas operations in the USA other than monitoring some restoration projects.

Subsequent to the end of the quarter, the Company appointed Mr Frank Petruzzelli as a Non-executive director to the Board and Mr Chris Ritchie resigned as a director, but remains as Chief Financial Officer and Company Secretary.

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 STATEMENTS:**

Information in this report that relates to the Save River Diamond Project's 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.

Information in this report that relates to the Balama Graphite Project's 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 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 statement.