

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

ABN

34 090 074 785

Quarter ended ("current quarter")

30 June 2015

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	(154)	283
1.2	Payments for		
	- exploration and evaluation	(4,025)	(4,025)
	- development	(343)	(732)
	- production	-	(183)
	- administration	(311)	(1,398)
	- admin – funding agreement settlement	-	(298)
	- admin – restructure expenses	(176)	(478)
1.3	Dividends received	-	-
1.4	Interest and other items of a similar nature received	-	3
1.5	Interest and other costs of finance paid	-	(104)
1.6	Income taxes paid	-	-
1.7	JV Trust Accounts	-	-
	Net Operating Cash Flows	(5,009)	(6,932)
Cash flows related to investing activities			
1.8	Payment for purchases of:		
	• prospects	(467)	(467)
	• equity investments		
	• other fixed assets		
1.9	Proceeds (costs) from sale of:		
	• Project asset	663	1,320
	• equity investments		
	• other fixed assets		
1.10	Loans (to)from other entities	3,164	-
1.11	Refunds/(Payments) of Security Deposits	-	61
	Net investing cash flows	3,360	914
1.13	Total operating and investing cash flows	(1,649)	(6,018)

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1.13	Total operating and investing cash flows (carried forward)	(1,649)	(6,018)
1.14	Cash flows related to financing activities		
1.14	Proceeds from issues of shares, options, etc.	3,500	3,500
1.15	Costs of the Issue	(327)	(714)
1.16	Proceeds from borrowings	-	5,774
1.17	Repayment of borrowings	-	(580)
1.18	Dividends paid	-	-
1.19	Other (provide details if material)	-	-
	Net financing cash flows	3,173	7,980
	Net increase (decrease) in cash held	1,524	1,964
1.20	Cash at beginning of quarter/year to date	2,159	1,478
1.21	Exchange rate adjustments to item 1.20	(12)	229
1.22	Cash at end of quarter	3,671	3,671

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	125
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 & additional non-executive director consulting fees in regard to the re-instatement to ASX quotation process.	

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

During the quarter the Company issued:
53,525,667 Ordinary Shares
4,238,806 Unlisted Options
48,716,418 Unlisted Performance Rights

These equities were in regard to the acquisition of Save River Diamonds Pty Ltd, Sese Diamonds Pty Ltd and Balama Resources Pty Ltd which included the working interests in the licences as described in 6.2 below.

During the quarter the Company issued:
447,761 Ordinary Shares as part of a settlement of a disputed US\$558,000 debt.

- 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

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+ 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 *	2,698
4.2 Development	-
4.3 Production	-
4.4 Administration	300
Total	2,998

* Includes one off costs of capex to increase bulk sampling program to 1,000 tonne per day at the Diamond project of \$1.2m and the SkyTEM airborne electromagnetic survey costs for the graphite project of \$680k.

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	3,671	2,159
5.2 Deposits at call	-	-
5.3 Bank overdraft	-	-
5.4 Other (provide details)	-	-
Total: cash at end of quarter (item 1.22)	3,671	2,159

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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			
	Hensarling #1 Well	Working Interest	3.99%	-
	Dugas & Leblanc #3 Well	Working Interest	15%	-
	Sugar Valley #1 Well	Working Interest	12%	-
6.2	Interests in mining tenements acquired or increased			
	4969L (Save River)	Licence holder	-	50.7%
	4525L (Sese)	Licence holder	-	51.8%
	4661L (Balama)	Right to acquire	-	60.0%
	4662L (Balama)	Right to acquire	-	60.0%
	5873L (Balama)	Right to acquire	-	75.0%
	6527L (Balama)	Right to acquire	-	75.0%
	6636L (Balama)	Right to acquire	-	75.0%
	6678L (Balama)	Right to acquire	-	80.0%

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	90,679,097	57,649,037	
7.4	Changes during quarter (a) Increases through issues (b) Decreases through returns of capital, buy-backs	53,973,428	28,162,478	

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7.5	*Convertible debt securities (description) Convertible Notes	Number	⁺ Class	Conversion \$	Maturity
7.6	Changes during quarter (a) Increases through issues (b) Decreases through securities matured, converted or redeemed				
7.7	Options & Performance Rights (<i>description and conversion factor</i>)	149,253	Unlisted Options	Exercise price \$0.2412	Expiry date 10 Nov 2017
7.8	Issued during quarter	2,238,806 500,000 1,500,000 2,238,806 1,119,403 2,238,806 1,119,403 14,000,000 14,000,000 14,000,000	Unlisted Options Unlisted Options Unlisted Options Unlisted Class A Performance Rights Unlisted Class B Performance Rights Unlisted Class C Performance Rights Unlisted Class D Performance Rights Unlisted Class E Performance Rights Unlisted Class F Performance Rights Unlisted Class G Performance Rights All Performance Rights convert to fully paid ordinary shares on a 1:1 basis if performance criteria are achieved.	\$0.21 \$0.20 \$0.20 - - - - - - - - - - - - - - Further details of performance criteria are set out in section 12.1 of the Company's Prospectus dated 2 April 2015.	22 May 2017 31 October 2016 1 December 2016 - - - - - - - - -

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7.9	Exercised during quarter				
7.10	Expired during quarter				
7.11	Debentures (totals only)	0			
7.12	Unsecured notes (totals only)	0			

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
Chief Financial Officer
Date: 30 July 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.

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