



BALAMA GRAPHITE PROJECT - UPDATE

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 vanWyk: 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 \$17.2M as at 14 August 2015

17 August 2015

AIRBORNE GEOPHYSICAL SURVEYS TO COMMENCE OVER MUSTANG GRAPHITE LICENCES IN MOZAMBIQUE

Highlights:

- Mustang has commenced VTEM survey across all graphite tenements.
- Licence 5873 is located along strike and immediately adjacent to Triton Minerals Nicanda Hill graphite project.
- Licences 4662, 4661 and 6636 are located along strike from Syrah Resources major Balama graphite project
- The VTEM survey will aid in the targeting of anomalies for ground follow up and drilling.

Mustang Resources Ltd (ASX: MUS) ("Mustang" or the "Company") is pleased to announce that the Airborne Electromagnetic (VTEM) survey has commenced with the arrival of the helicopter and equipment on site. Flying operations are due to commence over the graphite projects during the week commencing 17 August.

MUS intends to fly VTEM across all six (6) of its graphite prospecting licences in Northern Mozambique (Figure 1). The initial 2,400 km line survey will be focused over lithology regionally mapped as quartz mica gneiss and schist (P3Xqm), which is known to be locally graphite bearing. The orientation of the survey lines have been designed perpendicular to the strike of the geology to ensure the collection of representative data.

MUS has commissioned SkyTEM Australia Pty Ltd (SkyTEM) to complete the airborne survey. The survey will take approximately 4 weeks to collect, followed by final processing of the data by ASST Pty Ltd upon survey completion.

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

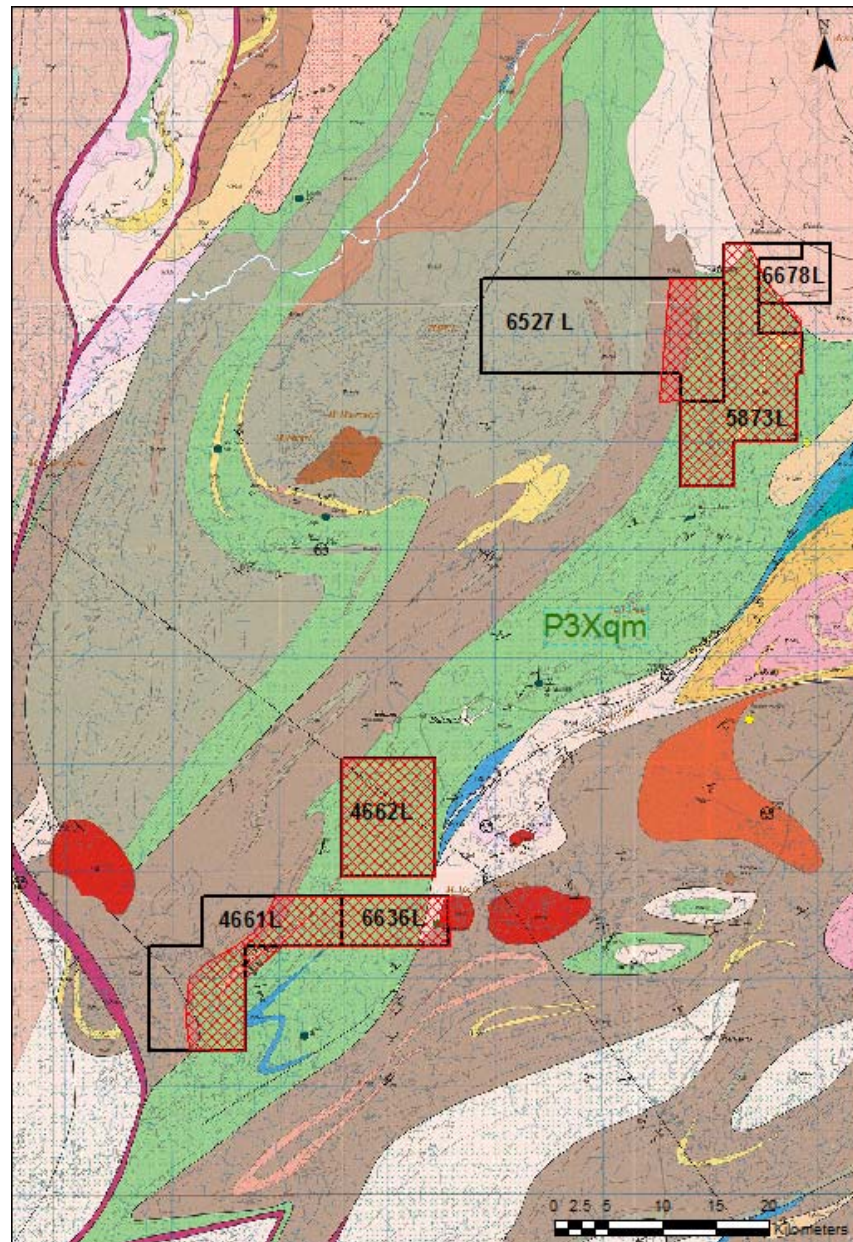


Figure 1 Location of Mustang Prospecting Licences (black outlines) showing proposed VTEM survey areas (red hashed areas) overlaying the Xixano and Namuno regional geology map sheets

VTEM Background

Graphite is a conductive form of carbon and electromagnetic (EM) surveys have historically been successful in detecting occurrences at ground level and from the air and are considered to be highly effective exploration tools when delineating graphite mineralisation.

EM surveys have successfully been used by several graphite exploration companies in the region, including Triton Minerals (Triton) and Metals of Africa (MOA), to identify conceptual extents of graphite mineralisation and rapidly define exploration targets. Triton flew a VTEM survey across its Balama North Project area, which yielded substantial VTEM anomalies that currently define its Charmers, Nacugi, Black Hills and Western prospects. The Mineral Resources at their Cobra Plains Deposit (103 Mt @ 5.2% TGC) and their Nicanda Hill Deposit (1,458 Mt @ 10.7% TGC) validate the strong correlations between VTEM anomalies and graphite mineralisation (Figure 2).

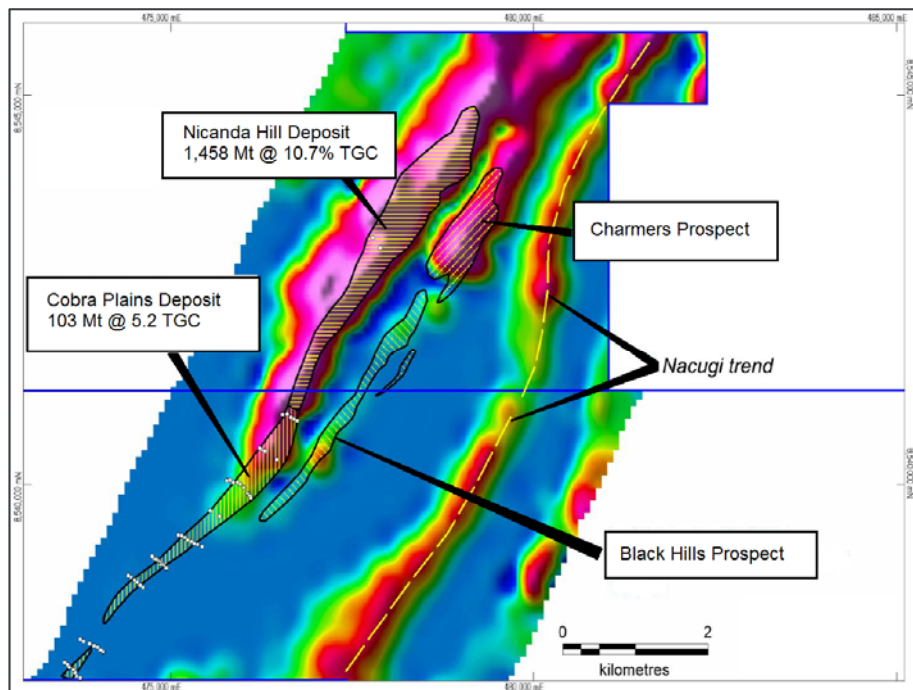


Figure 2 50m conductivity depth slice from Triton VTEM survey across its Balama North Project (image modified from Triton Minerals ASX release dated 14 March 2014)

MOA recently flew a helicopter VTEM and magnetic survey across its Balama Central Project area, which identified 3 km long and 1 km wide conductive anomaly (Figure 3) along strike to Syrah Resources' Balama Graphite Project. MOA has announced plans to commence drilling of the conductor later in 2015

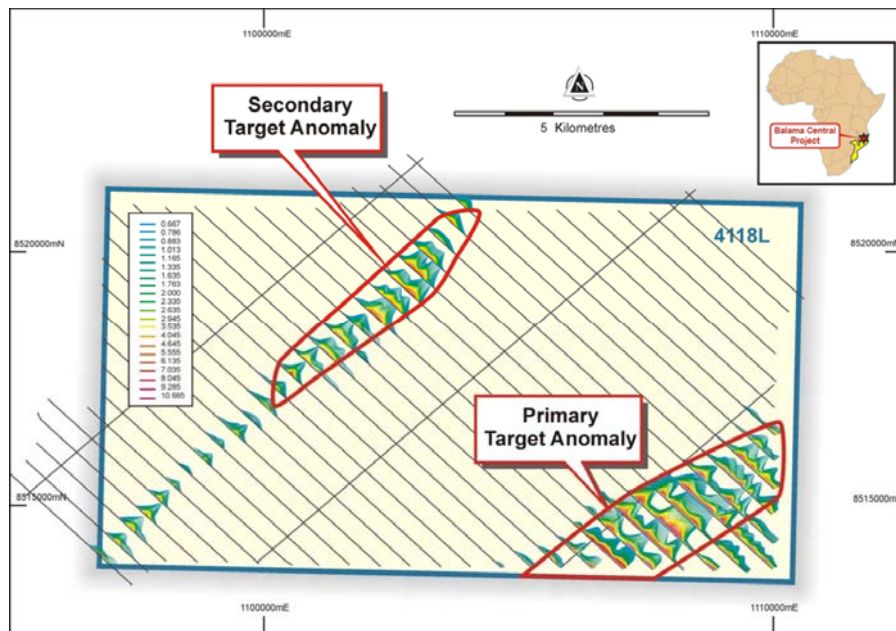


Figure 3 Preliminary VTEM data from MOA VTEM survey across its Balama Central Project (image sourced from MOA ASX release dated 5 February 2015)

The Company's licences in the world class Cabo Delgado graphite province of Mozambique are located along strike and/ or adjacent to Syrah Resources Balama Graphite Deposit (1.15Bt at 10.2% TGC) and Triton's Nicanda Hill Graphite Deposit (Figure 4). Given the Company's large land holding (666.64 km²), and limited access to parts of the project areas, MUS considers that airborne geophysical (VTEM) survey methods will enable the Company to quickly and cost-effectively identify and refine potential graphite mineralisation zones.

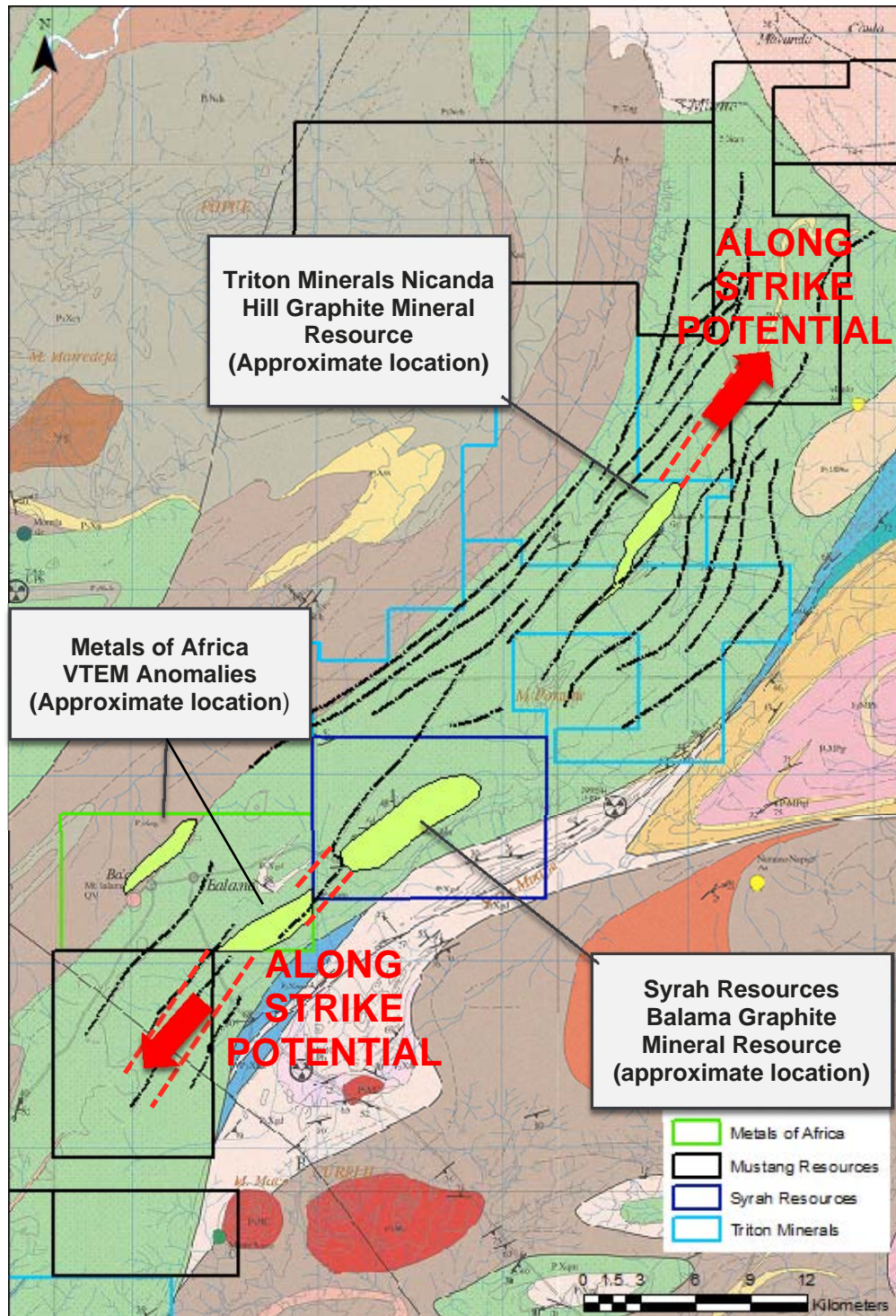


Figure 4 Location of MUS tenements with conceptual strike extension based on neighbouring VTEM results and known deposits

For and behalf of the Company.

Ian C Daymond
Chairman.

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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 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 with Sumsare Consulting, Witbank, South Africa who was engaged by the company 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 statements.