

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 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 \$16.8 M as at 31 August 2015

1 September 2015

MUSTANG TO ACQUIRE ADDITIONAL GRAPHITE LICENCES IN MOZAMBIQUE

Mustang Resources Limited (ASX: MUS) ("the Company") is pleased to announce that it has entered into a binding term sheet, subject to shareholder approval, to acquire an option to acquire an additional two graphite licences in the Cabo Delgado province of Mozambique.

The Company is currently flying EM surveys of its six licences in the Cabo Delgado province, but has elected to fly a further four licences. Under the Term Sheet the Company will have the option to acquire the two licences out of the 4 additional licences flown that the Company determines will best suit its graphite development profile in Mozambique.

The total consideration for the acquisition of the option to acquire two additional licences will be:

1. The payment of A\$150,000 payable in fully paid ordinary shares in the capital of the Company, based on a 10 day VWAP from the date of settlement.
2. The payment of A\$50,000 in cash.
3. The Issue of Class A Performance Rights in the Company calculated at the rate of the number of shares issued in point 1 multiplied by 1.4, which would vest upon the delineation of a JORC Compliant Inferred Graphite Resource of a minimum of 50 Million tons @ >10% TGC, on either of the two licences acquired.
4. The Issue of Class B Performance Rights in the Company calculated at the rate of the number of shares issued in point 1 multiplied by 1.6, which would vest upon the delineation of a JORC Compliant Inferred Graphite Resource of a minimum of 100 Million tons @ >10% TGC, on either of the two licences acquired.

5. The Issue of Class C Performance Rights in the Company calculated at the rate of the number of shares issued in point 1 multiplied by 1.8, which would vest upon the delineation of a JORC Compliant Inferred Graphite Resource of a minimum of 500 Million tons @ >10% TGC, on either of the two licences acquired.
6. The Company is bearing the cost of the EM survey and the processing of data of the additional 4 licences.

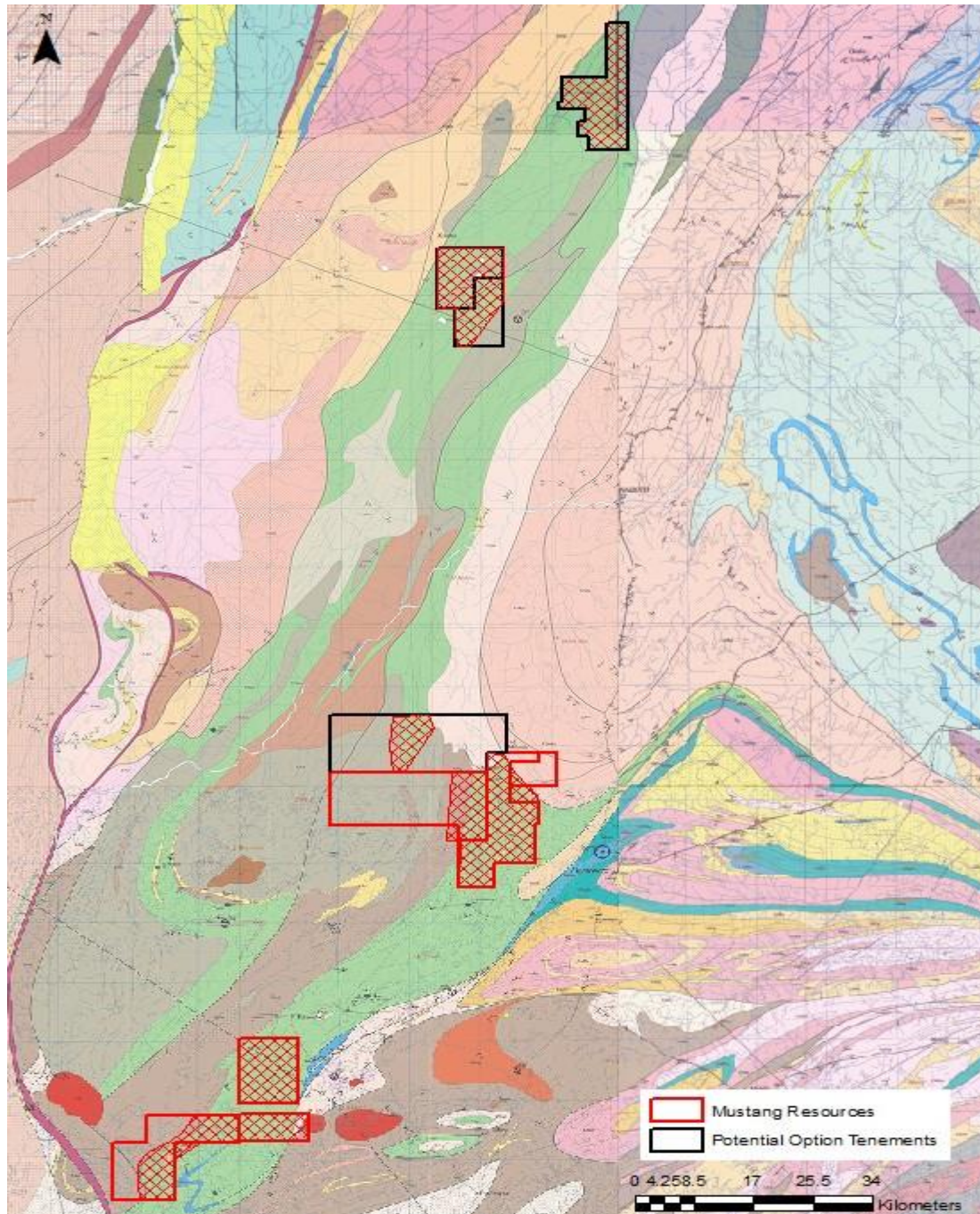


Figure 1 Location of Mustang's current tenements showing the additional licence areas, of which 2 additional licences may be acquired.

In flying the additional licences in the same work program as the Company's existing licences, the Company has been able to achieve economies of scale cost savings.

As the Company will be acquiring the option to acquire the licences from Regius Resources Group Limited, an entity associated with one of the Company's directors, the transaction is subject to a number of conditions precedent, including the Company receiving all authorisations and approvals required under Australian and Mozambique law, including the Corporations Act 2001, the ASX Listing Rules, either party's constitution or other requirements as may be required by ASIC or ASX, including the approval of the Company's shareholders for all relevant purposes at the Company's AGM in November 2015.

Mustang has commissioned SkyTEM Australia Pty Ltd (SkyTEM) to complete the airborne electromagnetic (EM) geophysics survey, as opposed to Geotech's Versatile Time Domain Electromagnetic (VTEM™) system. SkyTEM is a time-domain, helicopter borne electromagnetic system uniquely able to operate in dual moment mode. The dual moment mode gives SkyTEM its ground-breaking ability to resolve both shallow and deep information concurrently.

The Company wishes to clarify that the airborne EM survey will take approximately 4 weeks to complete. Post processing of the data will be undertaken by ASST Pty Ltd (ASST), as each licence area is completed. Mustang anticipates that it will receive the final data from ASST by mid-October.

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 (1,458 Mt @ 10.7% TGC) (Figure). The initial 2,400 km line survey will be focused over lithology regionally mapped as quartz mica gneiss and schist (P3Xqm) (Figure), 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. Given the Company's large land holding (666.64 km²), and limited access to parts of the project areas, Mustang considers that airborne EM geophysical survey methods will enable the Company to quickly and cost-effectively identify and refine potential graphite mineralisation zones.

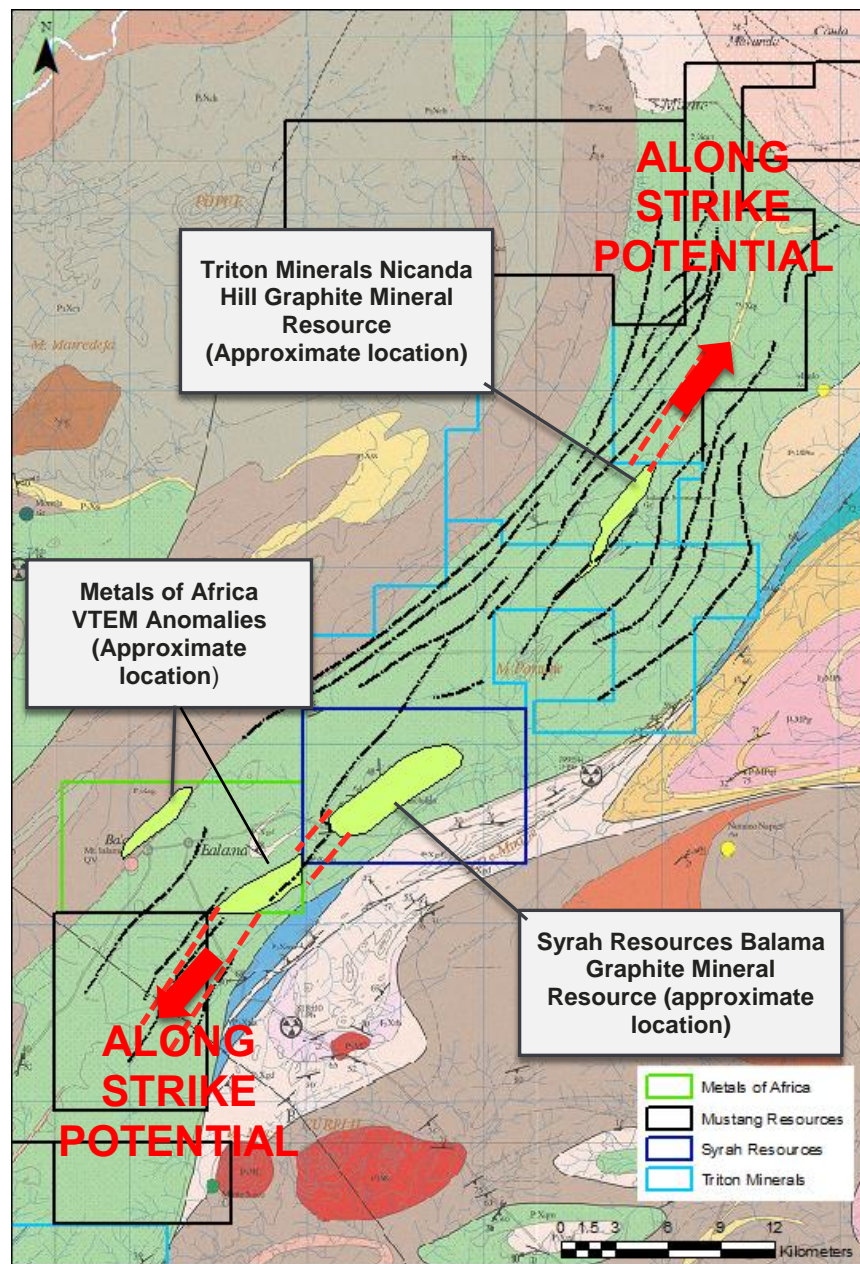


Figure 2 Location of Mustang's tenements with conceptual strike extension based on neighbouring results and known deposits

Once the SkyTEM survey has been completed and analysed, a phased drilling program will be planned. After initial drilling of the main anomalies, the aim will be to advance the project through the various levels of resource confidence to scoping study and feasibility stages.

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****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 considers 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.