



SAVE RIVER DIAMOND PROJECT - UPDATE

COMPANY INFORMATION

Mustang Resources Ltd
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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

30 Sep 2015	\$16.8 million
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1 October, 2015.

Robust diamond recoveries continuing and project expansion underway at Save River Project, Mozambique

Highlights:

- Deposition of gem-quality diamonds in the Save River successfully proven with 9.92 carats recovered from initial bulk sampling program
- Phase 1 exploration and bulk sampling program completed – largest diamond discovered 2.58 carats
- Upgraded diamond recovery plant commissioned - capacity increased from 50m³ to 1,000m³/day
- Digging of lower level gravels commenced with new machinery mobilised to site in preparation for scheduled project expansion
- RC drill rig onsite to accelerate definition of paleo channels & sampling targets – targeting JORC compliant Mineral Resource for Save River

Mustang Resources Ltd (ASX: MUS) ("Mustang" or the "Company") is pleased to provide an update on ongoing exploration and diamond recovery activities at the Save River Diamond Project in Mozambique.

Mustang has acquired majority interests in two diamond exploration licences in Mozambique where alluvial diamonds have been recovered (Figure 11). The concessions are situated downstream from the well-known diamond mines at Murowa Masvingo and Marange in Zimbabwe (Figure 2). Many of the known kimberlite pipes in Zimbabwe have been weathered away and the diamonds from the diamondiferous pipes have been washed down the river systems through the Save River.



Figure 1: First Gem Quality Diamonds Discovered



Figure 2: Mustang Diamond Prospecting Licence Areas in Mozambique

Completion of Phase 1 Exploration & Bulk Sampling Program

The first phase of the exploration program commenced in April 2015 to further explore the project area and to strengthen the theory that diamonds were deposited over millions of years in the Mustang concessions downstream from major kimberlite pipes in the Zimbabwean headlands.

Significantly, within 11 weeks 18 gem quality diamonds have been recovered from seven shallow trial pits during the initial bulk sampling program. The biggest diamond recovered to date in the upper gravels is 2.58 carats.

Mustang Resources Chief Operating Officer, Andrew Law, commented, “It is remarkable to discover these diamonds in the upper gravels and with an average grade of 0.7carats, without even reaching the bedrock.

The results from our initial bulk sampling program have given the team great confidence that the Save River Diamond project has the potential to host significant quantities of gem-quality diamonds and we are now working diligently towards the definition of a JORC compliant Mineral Resource.

The Board is very pleased with the progress being made on the Save River Diamond project and looks forward to providing shareholders with regular positive updates on the project.”



Figure 3: Hitachi Excavator and Rotary Screen in operation



Figure 4: Flow Sort (X-Ray Sorter)



Figure 5: Upgraded installation of the Second Rotary Pan

Geology

To date the main terraces identified from field mapping comprises the Plateau Beds, the 230mamsl (metres above mean sea level) terrace, the 180mamsl terrace and the 160mamsl terrace. All mapping completed in the area has been based on surface characteristics and a few pits with a maximum depth of 3.5m. As more data is collected a detailed geological map and model will be developed, resulting in better insight into the paleo channel migration, as well as specific target areas.

In order to obtain information on the gravel stratigraphy and paleo channel location, Mustang has acquired a Reverse Circulation drilling rig. The rig will be used to locate buried gravel targets, to determine the stratigraphy and to characterise the different gravel units, as well as to identify the bedrock. A systematic drilling and pitting programme will also be instituted in order to estimate, with a reasonable level of confidence, the volume of available gravel.

It is planned for representative gravel samples from all the identified terraces to be processed to understand the diamond distribution, grade and value in an attempt to estimate the possible Diamond Resource present on Mustang's licences 4525L and 4969L.



Figure 6: Pits with visible calcrete

Planned Work Program

Mustang has now commenced the second phase exploration program at Save River, with the diamond recovery plant capacity recently increased to 1,000m³ per day. As part of the ongoing exploration activities, the 87 tonne excavator has broken through the calcrete layer and all seven trial pits will be opened to bedrock for additional mining and bulk sampling.

The Company will shortly be commencing an RC drilling programme to determine new areas for further mining and baulk sampling at the Save River Diamond Project. With the new Flow Sort recovery unit, it is expected that the recovery and quantity of diamonds will be increased dramatically in coming months.

Furthermore, the Company is currently finalising an exploration program at its Balama Graphite Project in Mozambique and will provide shareholders with an update on activities shortly.

For and behalf of the Company

Ian C Daymond
Chairman

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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.