



ASX RELEASE

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ASX : MGV

Drilling Commences at Deering Hills

- **Vacuum drilling of exciting new nickel-copper targets at Deering Hills has commenced**
 - **500 holes planned for 3,000m screening 26 targets**
- **Ground EM follow-up of new VTEM targets to commence next week**

Musgrave Minerals Limited ("Musgrave Minerals") (ASX: MGV) is pleased to announce that it has commenced a regional vacuum drilling program at its Deering Hills Project in the Musgrave Province in far north South Australia (Figure 1).

The drilling will cover significant portions of the key Deering Hills tenements including the new anomalies identified by the recent versatile time-domain electromagnetic ("VTEM") survey reported in September. The drilling program will consist of up to 500 drill holes for approximately 3,000m of regolith drilling across 26 targets.

Ground electromagnetic (EM) surveys are also due to commence at Deering Hills next week on high priority VTEM targets and a detailed gravity survey is expected to commence in December.

The Deering Hills Project is situated on wholly-owned tenements in the centre of the Musgrave Geological Province located approximately 200km west of the Stuart Highway and Adelaide to Darwin railway line (Figure 1).

Drilling at Deering Hills to date has intersected sulphides interpreted within Giles Complex mafic intrusives which is extremely encouraging for the Project. The mafic host rocks to the sulphide mineralisation show similarities to those at large nickel-copper deposits including Voisey's Bay in Canada and BHP Billiton's Nebo-Babel deposit in the West Musgrave.

The targets are all under thin sand cover (<30m) with no surface expression. The vacuum drilling, gravity and EM surveys will enable Musgrave Minerals to better prioritise targets for basement drill testing in early 2012.

"We are encouraged by the results from early drilling at Deering Hills and are eagerly looking forward to drill screening these additional new targets" said Musgrave Minerals Managing Director Rob Waugh.

Mr Waugh said the company looked forward to providing further updates to investors as results become available.

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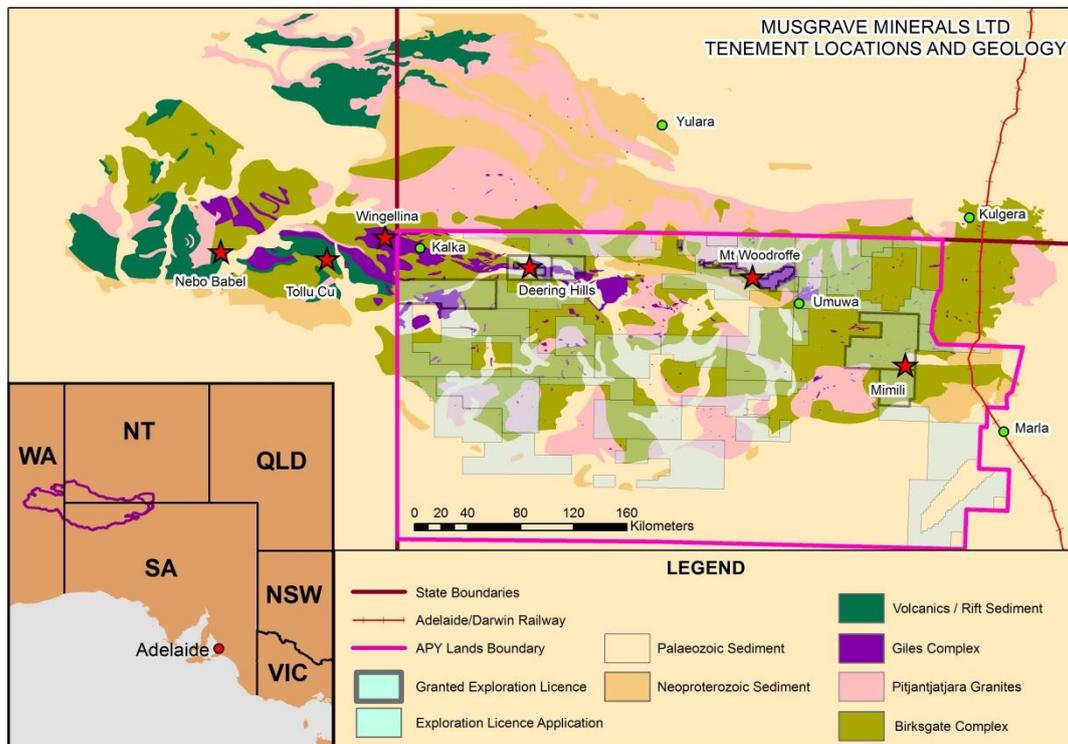


Figure 1: Location of Deering Hills Project Area

About Musgrave Minerals

Musgrave Minerals Ltd has a massive exploration footprint in the Musgrave Province in South Australia, with tenements covering an area of approximately 50,000km² – which equates to approximately 5% of the State. The Company has a powerful shareholder base with six mining and exploration companies participating as cornerstone investors.

The Musgrave Province is one of the last under-explored exploration frontiers in Australia and is prospective for a number of commodities. The centrepiece is the recognition of, and access to, the unexplored potential of the Giles Complex, a 1080Ma aged mafic-ultramafic layered intrusive complex that hosts significant nickel and copper sulphide deposits (such as the Nebo/Babel deposit) in the Western Australian portion of the Province.

Musgrave Minerals recently completed a successful IPO raising \$20 million before expenses and listed on the Australian Securities Exchange on 29 April 2011.

The information in this report that relates to Exploration Results is based on information compiled by Mr Robert Waugh. Mr Waugh is a member of the Australasian Institute of Mining and Metallurgy (AusIMM) and a member of the Australian Institute of Geoscientists (AIG). Mr Waugh is Managing Director of Musgrave Minerals Limited. Mr Waugh has sufficient industry experience to qualify as a Competent Person as defined in the 2004 Edition of the 'Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves'. Mr Waugh consents to the inclusion in the report of the matters based on their information in the form and context in which it appears.

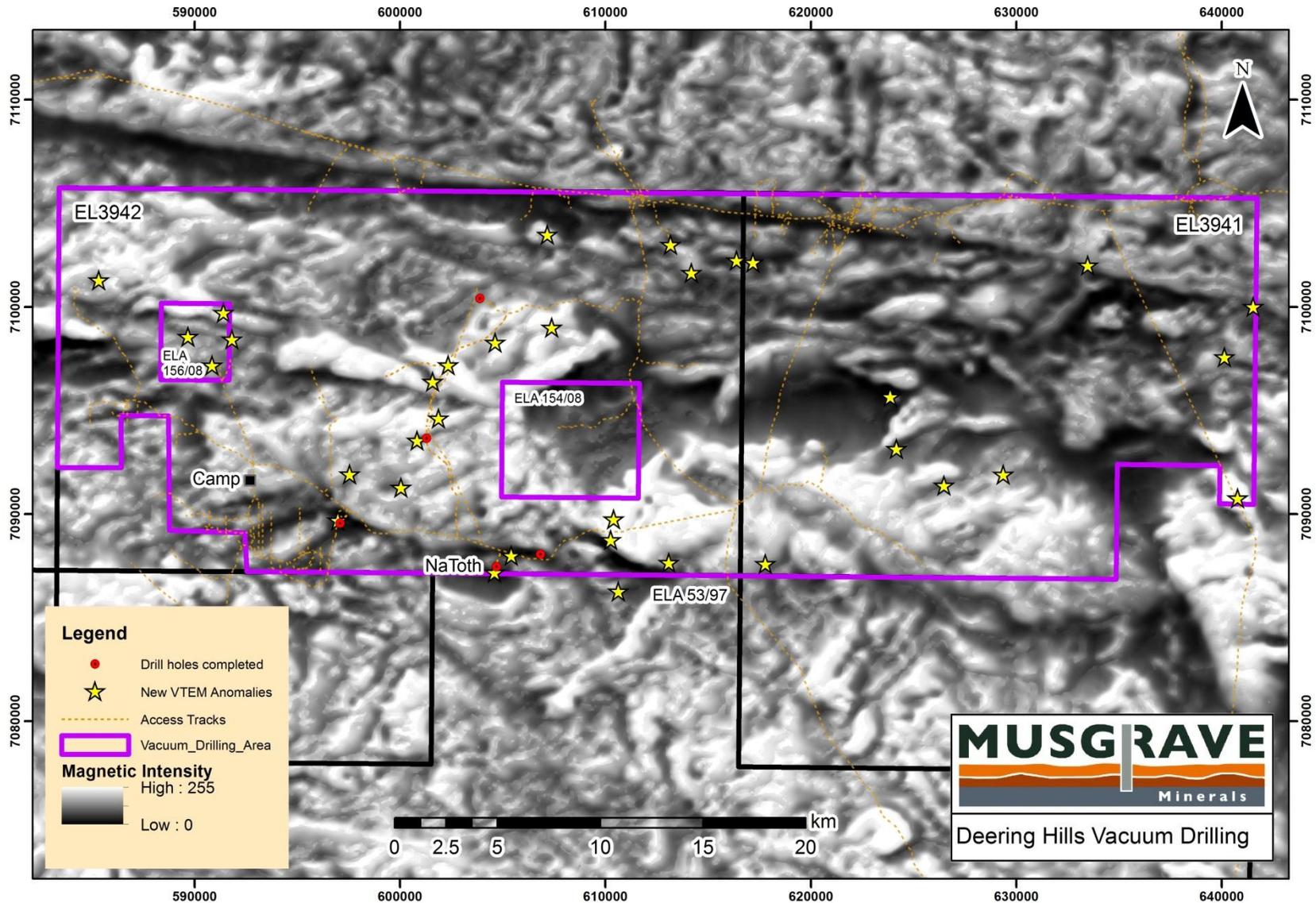


Figure 2: Location of Vacuum Drilling Area at Deering Hills with New VTEM Targets on Greyscale Aeromagnetic Image