



ASX RELEASE

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ASX: MGV

Nickel-Copper Targets Confirmed at Deering Hills

- **Vacuum drilling confirms nickel-copper targets at Deering Hills**
 - **Follow-up drilling to commence in March**
- **Drilling to recommence at Menninnie Dam in early March**

Musgrave Minerals Ltd (Musgrave Minerals) (ASX: MGV) is pleased to provide an updated on activities at its base metals, and precious metals projects in South Australia's Musgrave and Gawler Craton regions.

Deering Hills Project, Musgrave Province

Musgrave Minerals has confirmed and defined the nickel-copper geochemical target at Minbar and a Platinum Group Element (PGE) target at Alvey through vacuum drilling at the Deering Hills Project (Figure 1).

Results from shallow vacuum drilling at **Minbar** have returned **highly anomalous nickel, copper and PGE values over an area that is 1.5km in length**. The target is within gabbroic, pyroxenitic and ultramafic rock types which are the favourable rock types to host nickel sulphide mineralisation in the region. Peak values are 1847ppm Ni, 482ppm Cu and 121ppb Pt + Pd (PGE). The results are encouraging and will focus ground electromagnetics (EM) surveys in the coming months.

A total of 790 vacuum holes, for more than 14,000 meters were drilled in 2012 to a maximum depth of 55m. The drilling has defined co-incident basement nickel-copper PGE anomalies at Minbar, Alvey and West Pallatu (Figure 3) for further follow-up exploration.

Vacuum drilling at the **Alvey target** has identified an area prospective for stratiform **PGE mineralisation** similar to that in the PGE-rich Bushveld Complex of South Africa. The target has been defined over a **strike length of approximately 2.5km** within rock types favourable to host this style of mineralisation. Peak values of 486ppm Ni, 325ppm Cu and 331ppb Pt + Pd are very encouraging. Close spaced vacuum drilling is required to precisely define the anomalous zones for deeper reverse circulation (RC) drilling.

The **West Pallatu nickel-copper target** has to date been defined by two vacuum drill holes 500m apart with the closest adjacent drill traverse 3.5km to the west. The target is located on the boundary of tenement ELA156/08 (100% MGJV) and requires additional vacuum drilling follow-up to define an area for ground EM surveys. The target has a peak nickel, copper and PGE value of 446ppm Ni, 402ppm Cu and 148ppb Pt + Pd in a favourable gabbroic basement rock type.

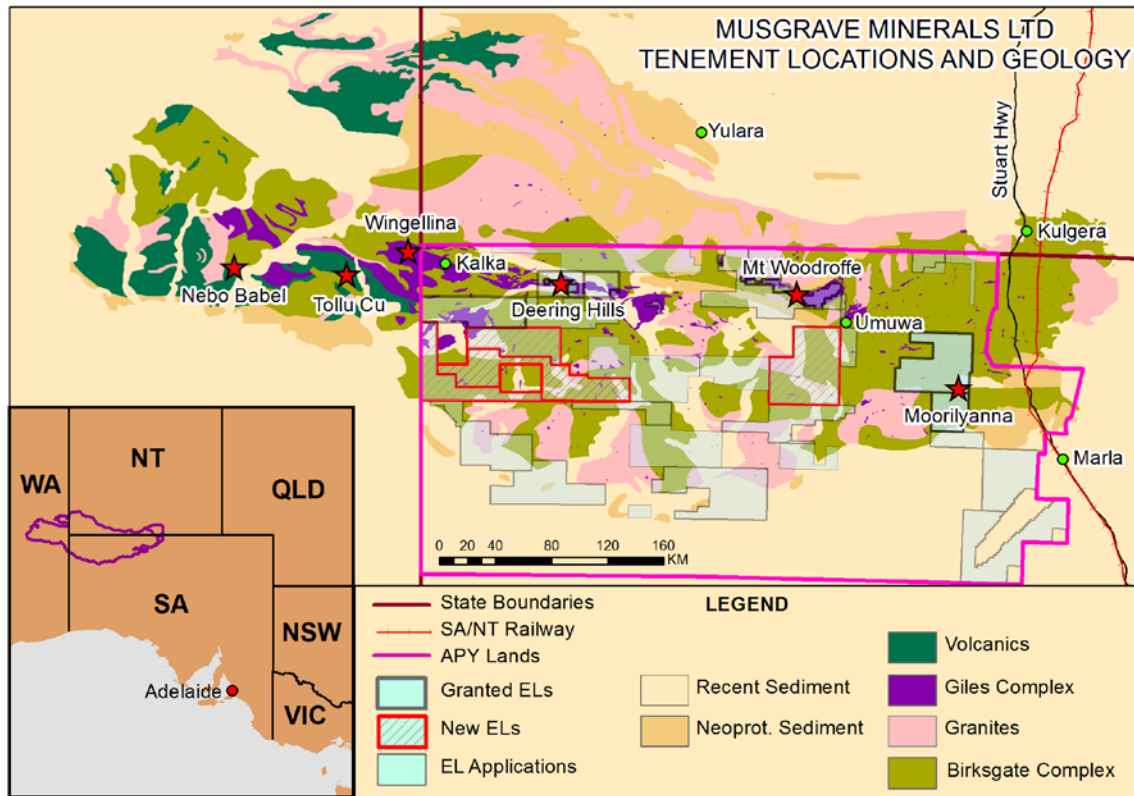


Figure 1: **Location of the Musgrave region projects, South Australia**

Menninnie Dam Project

Musgrave Minerals' will **re-commence RC drilling** at Menninnie Dam during the first week of March to test regional high priority Induced Polarisation (IP) and geochemical targets. The drilling program will consist of more than **10 RC drill holes for approximately 2,000m** of drilling across at least three target areas.

Musgrave Minerals entered into an Agreement with Menninnie Metals Pty Ltd, a wholly-owned subsidiary of Terramin Australia Limited (ASX:TZN) to earn a 51% interest in the Project in the first stage, and up to a 75% interest thereafter.

The Menninnie Dam Project comprises five Exploration Licences covering a contiguous area of 2,471km² in the highly sought after and prospective Gawler Craton region of South Australia (Figure 2). The Project is well located in a new and very prospective silver province, with the Paris silver discovery (Investigator Resources Ltd) (ASX: IVR) only 20km to the west. The Project is located approximately 100km west of Port Augusta and is well positioned in regards to infrastructure and proximity to the coast.

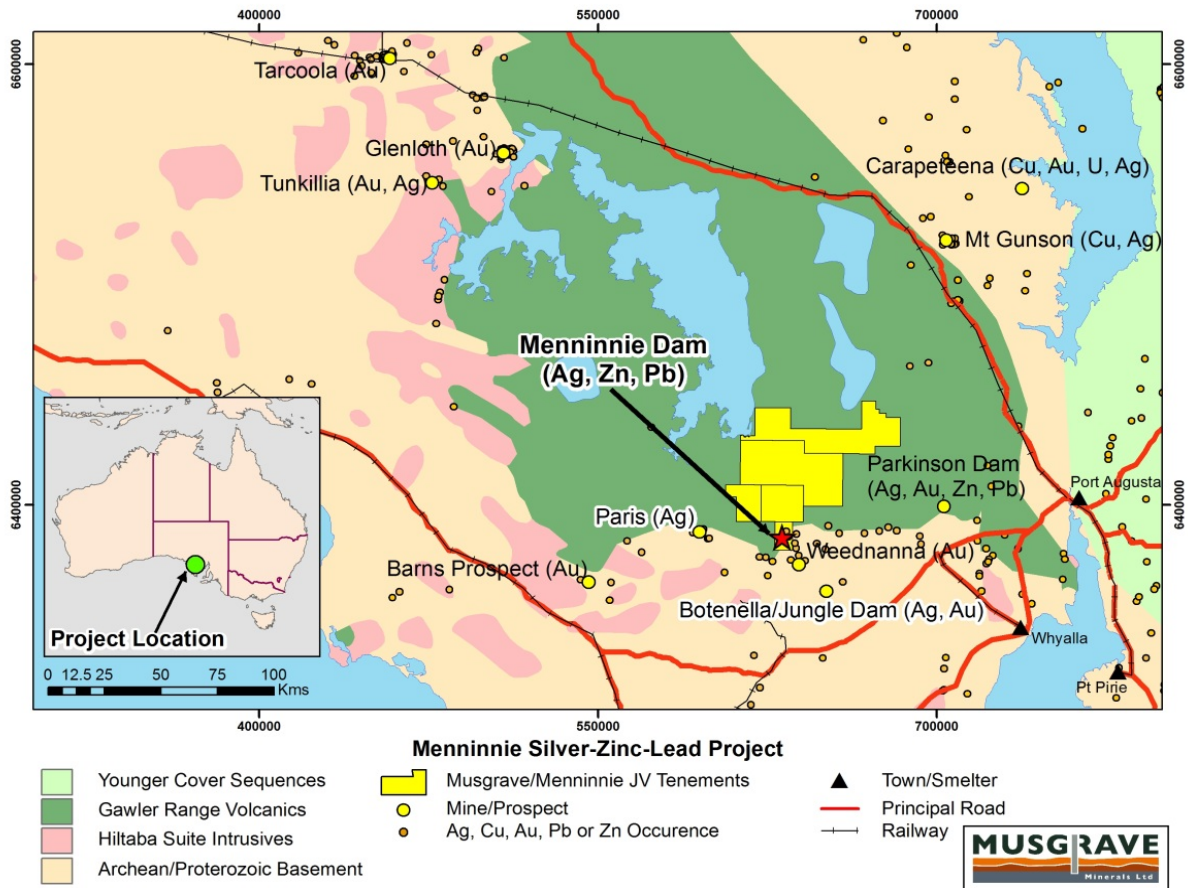


Figure 2: **Location of the Menninnie Dam Project, South Australia**

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Competent Person's Statement

The information in this report that relates to Exploration Results, Mineral Resources or Ore Reserves is based on information compiled and thoroughly reviewed by Mr Robert Waugh. Mr Waugh is a Fellow 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.

About Musgrave Minerals

Musgrave Minerals Ltd is an active Australian base metals explorer with a massive exploration footprint in the Musgrave Province in South Australia, with tenements covering an area of approximately 50,000km². The Company also has an active advanced stage exploration project, Menninnie Dam in the prospective silver and base metals province of the southern Gawler Craton. Musgrave has a powerful shareholder base with six mining and exploration companies participating as cornerstone investors.

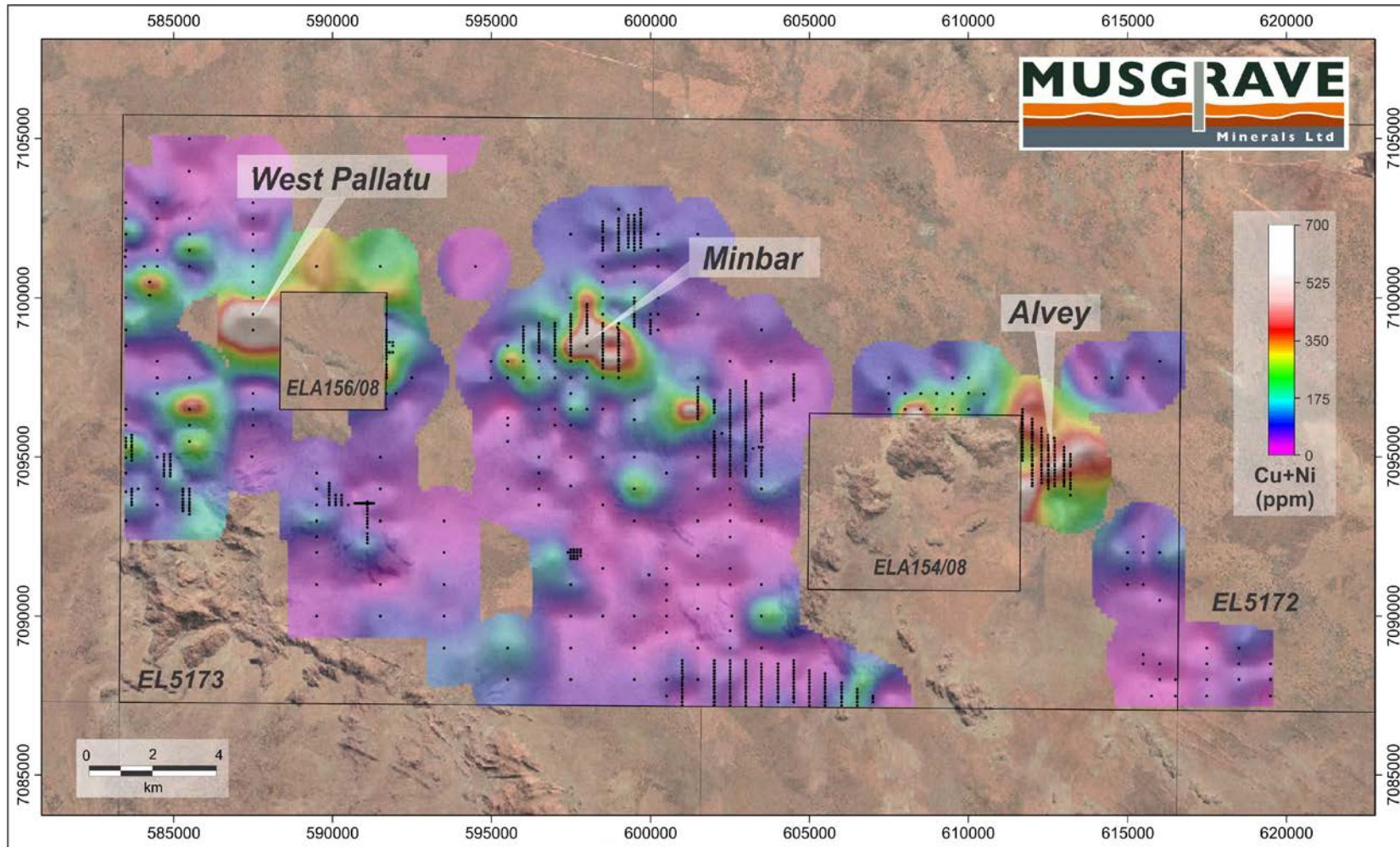


Figure 2: *Schematic gridded image of vacuum drilling results at Deering Hills shown on ortho-image*



Appendix 1: Summary of Deering Hills Vacuum Drill Hole Locations and Significant Results

Drill Hole ID	Target	Easting (m)	Northing (m)	Azimuth (degrees)	Dip (degrees)	Total Depth (m)	From (m)	To (m)	Interval (m)	Ni (ppm)	Cu (ppm)	Pt + Pd (ppb)
DEEVAC220	Alvey	612000	7095750	360	-90	28.80	25.2	27	1.8	486	155	309
DEEVAC220	Alvey	612000	7095750	360	-90	28.80	27.0	28.8	1.8	485	174	331
DEEVAC228	Alvey	612500	7094750	360	-90	12.60	10.8	12.6	1.8	552	325	116
DEEVAC892	Alvey	612500	7095400	360	-90	17.40	15.6	17.4	1.8	337	180	139
DEEVAC083	Minbar	598500	7098000	360	-90	25.20	18.00	19.80	1.8	1397	305	103
DEEVAC083	Minbar	598500	7098000	360	-90	25.20	19.8	21.6	1.8	619	135	114
DEEVAC083	Minbar	598500	7098000	360	-90	25.20	21.60	23.40	1.8	1847	331	56
DEEVAC104	Minbar	601500	7096500	360	-90	29.70	27.00	28.80	1.8	1044	482	56
DEEVAC104	Minbar	601500	7096500	360	-90	29.70	27.00	28.80	1.8	1044	482	56
DEEVAC361	Minbar	598000	7098500	360	-90	6.60	3.00	4.80	1.8	946	59	34
DEEVAC361	Minbar	598000	7098500	360	-90	6.60	4.80	6.60	1.8	976	105	84
DEEVAC690	Minbar	599000	7098700	360	-90	15.60	13.8	15.6	1.8	483	364	121
DEEVAC690	Minbar	599000	7098700	360	-90	15.60	13.80	15.60	1.8	483	364	121
DEEVAC695	Minbar	599000	7098100	360	-90	28.20	26.4	28.2	1.8	400	308	103
DEEVAC722	Minbar	598000	7099200	360	-90	13.80	12.00	13.80	1.8	972	90	37
DEEVAC725	Minbar	597500	7098300	360	-90	8.40	6.60	8.40	1.8	524	412	70
DEEVAC220	Alvey	612000	7095750	360	-90	28.80	25.2	27	1.8	486	155	309
DEEVAC220	Alvey	612000	7095750	360	-90	28.80	27.0	28.8	1.8	485	174	331
DEEVAC228	Alvey	612500	7094750	360	-90	12.60	10.8	12.6	1.8	552	325	116
DEEVAC892	Alvey	612500	7095400	360	-90	17.40	15.6	17.4	1.8	337	180	139
DEEVAC278	Pallatu West	587500	7099000	360	-90	33.60	31.8	33.6	1.8	357	112	148
DEEVAC279	Pallatu West	587500	7099500	360	-90	53.4	49.8	51.6	1.8	446	402	6

Notes

- Vacuum drilling is used as a geochemical sampling process to enable metal detection and the interpretation of basement lithology in areas of alluvial, colluvial and aeolean cover*
- Co-ordinates are in UTM grid (GDA94 Z52) and have been measured by hand-held GPS*
- Drilling was undertaken utilising a tractor mounted vacuum drilling rig*
- All samples are analysed as individual 1.8m samples*
- The 1.8m basement interface sample was analysed in all holes where it was intersected*
- Sample preparation and sample analysis is undertaken by Intertek Genalysis, in Wingfield, South Australia*
- Sample preparation by dry pulverisation and base metal analysis by ICP-OES and ICP-MS to 0.1ppm for Cu and Ni, FA25/MS to 1ppb for Pt and Pd*
- An accurate dip and strike of the mineralisation is yet to be determined and the true width of the intercepts is not yet known*
- NSA (no significant assay)*
- ppm (parts per million)*
- ppb (parts per billion)*