



ASX RELEASE

4th March 2013

ASX: MGV

Drilling Re-commences at Menninnie Dam

- **Drilling has re-commenced to test new silver-zinc-lead targets**
- **More than 2,000m of drilling across four target areas**
- **Strong surface silver anomalism identified at Tank Hill target**
 - **up to 678ppb Ag and 145ppm Pb in soils**
- **Drilling will focus on untested silver potential**
 - **The Menninnie Dam Project is located approximately 20km from the recent Paris silver discovery**

Musgrave Minerals Limited (Musgrave Minerals) (ASX: MGV) is pleased to announce that it has re-commenced reverse circulation (RC) drilling at the Menninnie Dam silver-zinc-lead project in the southern Gawler Craton of South Australia (Figure1).

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 current drilling will test high priority induced polarization (IP) and geochemical targets (Figure 2) at Tank Hill, Nonning, Mannequin North and Cracker. These targets have little to no effective basement drilling to date.

The current drilling program will consist of at least 10 RC drill holes for approximately 2,000m of drilling across four target areas. Drill-hole depths will vary from approximately 100m to 200m. The drill program is expected to take approximately two to three weeks to complete, with results expected in the June 2013 quarter.

Musgrave undertook an orientation line of surface geochemistry over the Tank Hill target specifically for low level silver. The results are extremely encouraging with up to 678ppb Ag and 145ppm Pb identified in soils over the target (Figure 3). This silver value is very anomalous for soil samples in the area. Musgrave has subsequently collected surface soil samples over a large portion of the Menninnie Dam project. These results are expected in early April.

The Australia-wide ASTER data compilation, processed by the CSIRO (Commonwealth Scientific Industrial Research Organisation) and distributed by the Geological Survey of

South Australia has also highlighted a strong regional sericite alteration zone at Tank Hill. This style of alteration is commonly associated with large epithermal mineral systems.

“We are pretty exciting about this drilling. The indicators we are seeing from the recent surface geochemistry, surface alteration, ASTER data and the co-incident IP anomaly at Tank Hill are all very positive. The project has significant potential to provide a new discovery.” Musgrave Managing Director Rob Waugh said.

“We are looking forward to providing further updates to investors as exploration progresses and results become available.”

Target Summary

The following targets (Figure 2) will be tested in the current RC drill program.

Tank Hill

The Tank Hill target is a 2km long IP anomaly associated with strong silica and sericite alteration evident in the limited surface outcrop available to the south and regional ASTER data. A single line of detailed soil geochemistry has been collected and analysed as an orientation over the northern zone of the Tank Hill IP anomaly. The sampling identified a strong silver (Ag) and semi-coincident Pb anomaly (Figure 3). Tank Hill will be a priority for the current drill program.

Nonning

The Nonning target is a 1.5km long IP chargeability anomaly. The IP response is in an area of favourable geology and major regional structural intersections with no previous drilling. The area is covered by thin sedimentary cover and surface geochemical data is not yet available for this target.

Mannequin North

The Mannequin IP target consists of two zones, Mannequin North and Mannequin South, with a combined strike of approximately 3km. Recent RC drilling at Mannequin South has intersected silver, zinc and graphite mineralisation associated with the IP response. A single hole is currently planned at Mannequin North to test the IP response where it is displaced by a regional NW structure.

Cracker

The Cracker target is a semi-coincident Ag, Zn and Pb geochemical target north-east of the existing mineralisation at Menninnie Central.

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. 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.

Enquiries:

Robert Waugh

*Managing Director
Musgrave Minerals Ltd
0439 955 415*

Robert Gundelach

*Investor Relations
NWR Communications
0451 896 420*



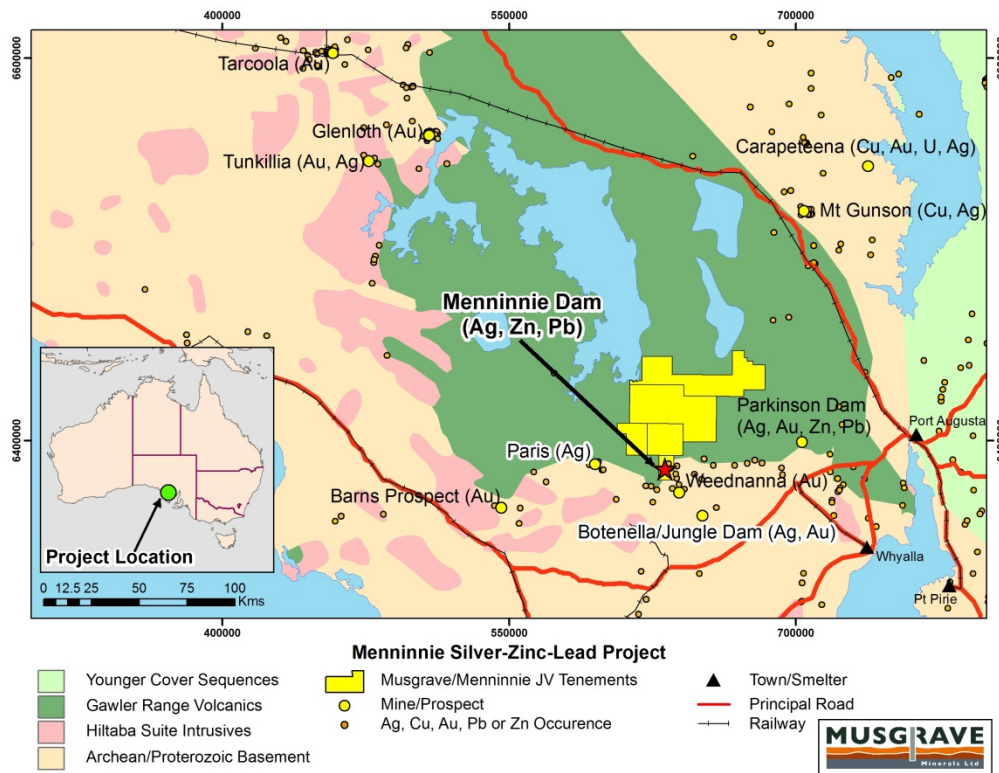


Figure 1: **Location of the Menninnie Dam Project, South Australia**

* JORC-compliant inferred resource for the Menninnie Central and Viper deposits was reported by Terramin Australia Limited (ASX: TZN) on 1st March 2011

| Zone | Tonnes x10 ³ | Zn (%) | Pb (%) | Ag (g/t) | Pb+Zn (%) |
|--|-------------------------|------------|------------|-----------|------------|
| Total Menninnie Central | 5,240 | 3.5 | 2.7 | 28 | 6.1 |
| Total Viper | 2,460 | 2.3 | 2.4 | 24 | 4.8 |
| Total Menninnie Central and Viper | 7,700 | 3.1 | 2.6 | 27 | 5.7 |

Inferred Resource (at 2.5% Pb+Zn cut-off) as at 15 February 2011

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/or 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.

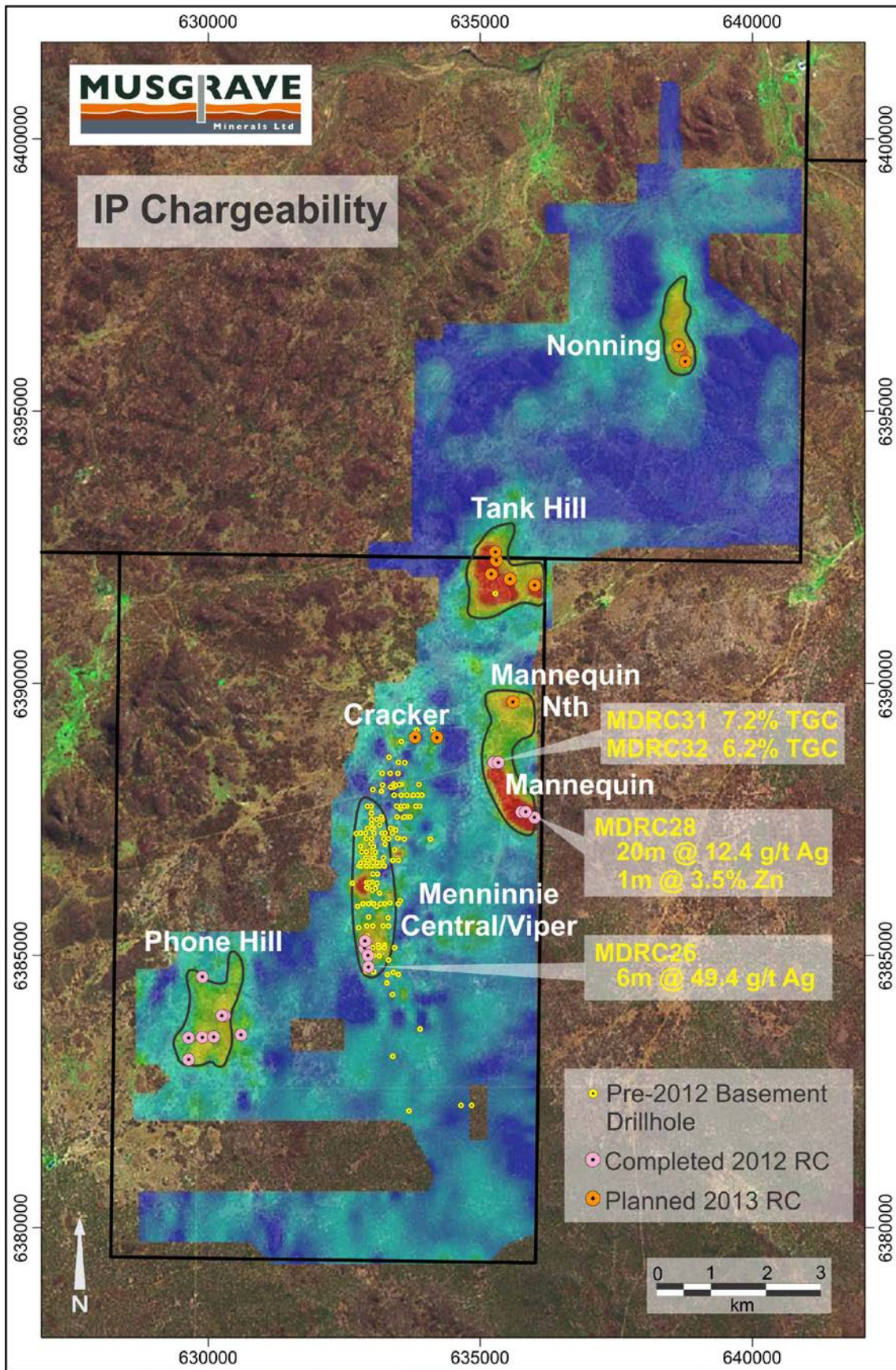


Figure 2: *Menninnie Dam Drill Hole Locations on IP Chargeability Image*



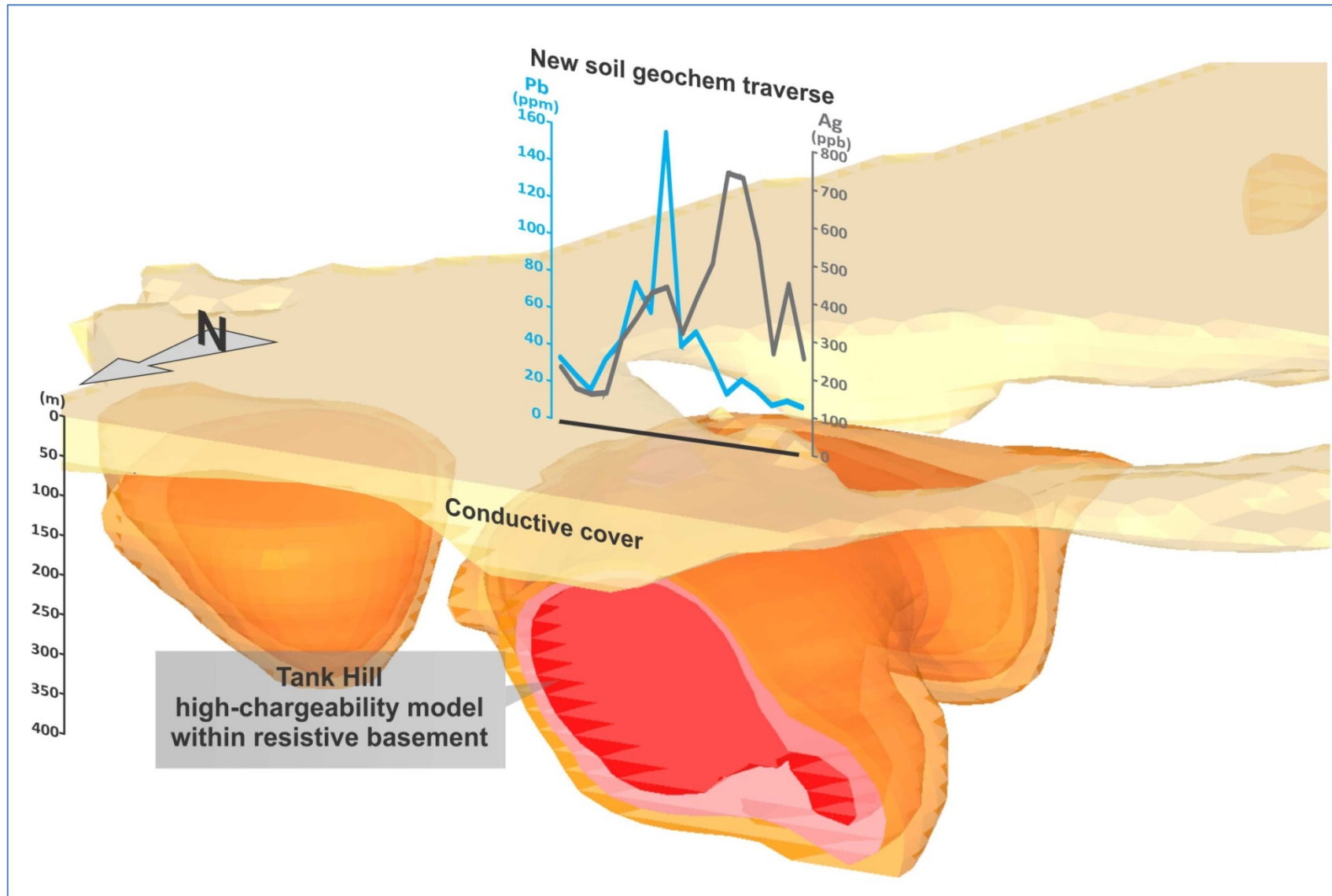


Figure 3: **Schematic Image of Tank Hill IP Chargeability Model showing Ag-Pb Surface Geochemical Anomaly**