



ASX RELEASE

18th June 2014

ASX: MGV

Musgrave Confirms Pallatu Drilling to Commence in Early July

- **Musgrave to commence diamond drilling on two new high priority ground EM targets at Pallatu in early July**
- **Targets on favourable mafic geological contacts**
- **The targets are close to known nickel sulphide mineralisation and in the Musgrave Province – the same geological domain that hosts the large Nebo-Babel nickel sulphide deposits**

Musgrave Minerals Ltd (“Musgrave Minerals” or “the Company”) (ASX:MGV) is pleased to announce that it has contracted a drilling rig to commence diamond drilling on two ground electromagnetic (EM) conductors at the Pallatu 6 and 7 targets in early July. The targets are located on its Deering Hills project, within Musgrave Minerals’ wholly owned tenement EL5317, in the Musgrave Province of South Australia (Figure 1).

Managing Director Rob Waugh said “We are looking forward to drill testing these exciting EM targets. We have previously intersected massive and disseminated nickel sulphide only 1km away on a parallel mafic/ultramafic intrusive in a fertile geological sequence. We have successfully completed a heritage survey and are currently awaiting the final statutory approvals for us to be drilling in early July”.

The planned program will consist of approximately 400m of diamond drilling over the two targets and will take approximately two weeks to complete with results expected in late August.

Musgrave recently completed a detailed ground electromagnetic survey over the new Pallatu targets (see ASX release dated 27th May 2014) and both conductors are interpreted to be on the contact of Giles complex mafic/ultramafic intrusive rocks in areas of thin sand cover (Figure 2). Similar rocks host the Nebo-Babel nickel-copper deposit further west in the Musgrave region.

The Pallatu 6 and 7 targets have coincident gravity and magnetic responses consistent with massive sulphide mineralisation elsewhere in the region and are located in a very favourable geological and structural setting.

In other areas of the Musgrave the Company's geologists and ground EM crew are continuing to complete geological mapping, sampling and reconnaissance in new areas and ground EM surveys over additional targets.

Musgrave is in a strong financial position to follow up these targets at Pallatu.

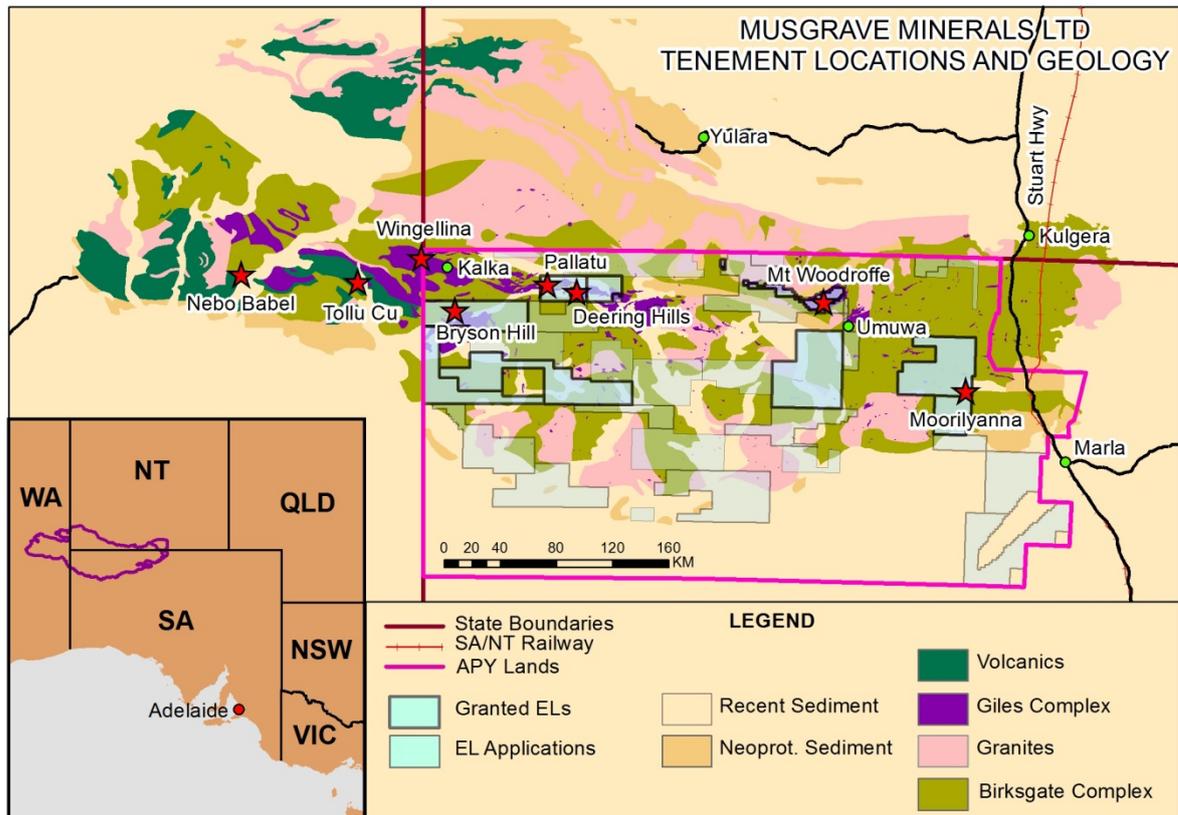


Figure 1: **Location of Musgrave Minerals' Exploration Licences in the Musgrave Region of South Australia**

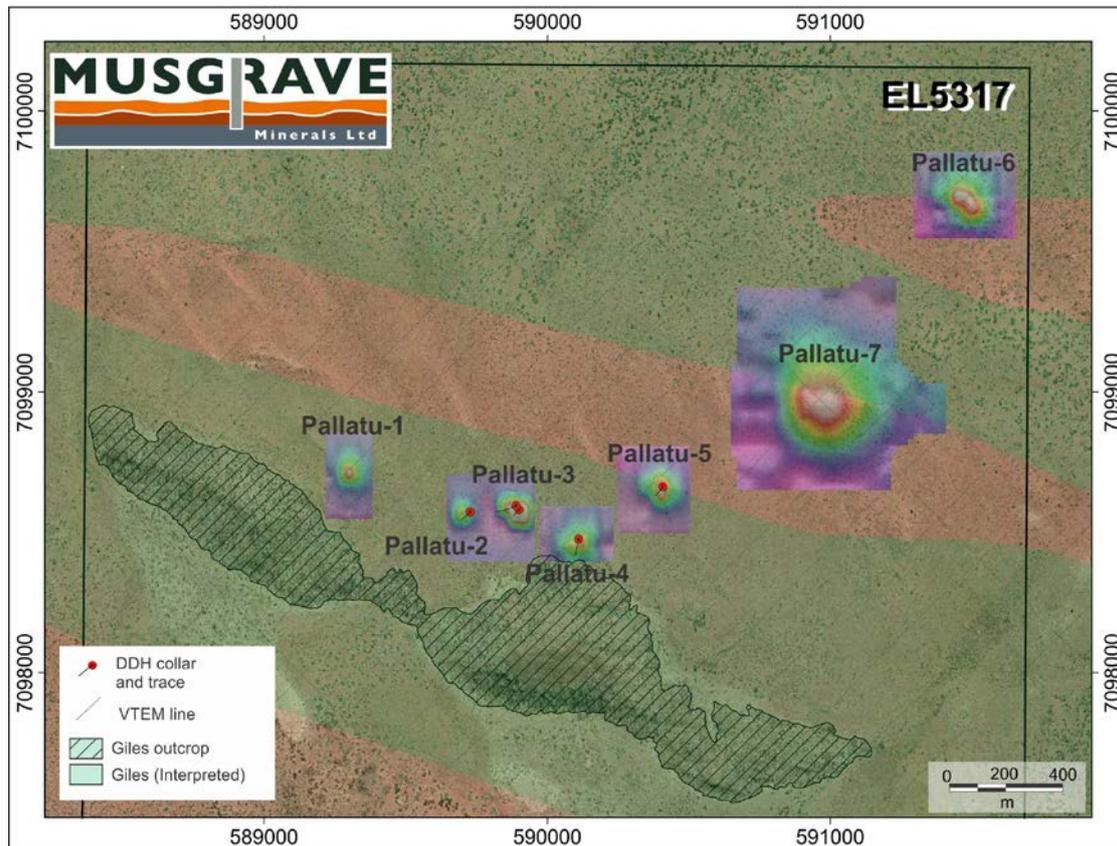


Figure 2: **Location of ground EM targets (Pallatu 6 & 7) and existing drill holes on Landsat backdrop. Background image is late-time FLTEM (fixed loop transient electromagnetic) response on Landsat. Interpreted Giles (mafic/ultramafic) host rocks are shown in green. The majority of the area is under shallow sand cover.**

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Competent Person's Statement

The information in this report that relates to Exploration Targets, Exploration Results, Mineral Resources or Ore Reserves is based on information compiled and/or thoroughly reviewed by Mr Robert Waugh, a Competent Person who 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 and a full-time employee of Musgrave Minerals Ltd. Mr Waugh has sufficient experience that is relevant to the style of mineralisation and type of deposit under consideration to qualify as a Competent Person as defined in the 2012 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 his 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 large 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 of South Australia. Musgrave has a powerful shareholder base with six mining and exploration companies participating as cornerstone investors.