



ASX RELEASE

10th July 2014

ASX: MGV

Musgrave Commences Drilling of Pallatu Nickel Targets

- **Musgrave has commenced diamond drilling at the Pallatu 6 & 7 ground EM nickel targets in the Musgrave**
- **The targets are only 1km from previously intersected nickel sulphide mineralisation at Pallatu 3 and in the Musgrave Province – the same geological domain that hosts the large Nebo-Babel nickel-copper sulphide deposits**

Musgrave Minerals Ltd ("Musgrave Minerals" or "the Company") (ASX: MGV) is pleased to announce that it has commenced drilling on the Pallatu 6 and 7 ground electromagnetic (EM) targets. The Pallatu targets are located on the Deering Hills project, within Musgrave Minerals' wholly owned tenement EL5317, in the Musgrave Province of South Australia (Figure 1).

Managing Director Rob Waugh said "The Musgrave province is one of the most prospective areas for nickel sulphide mineralisation in Australia, and we are looking forward to drill testing these new EM targets. We know we are in a prospective zone having previously intersected massive and disseminated nickel sulphide only 1km away on a parallel mafic/ultramafic intrusive. We have been working closely with the CSIRO and are encouraged by the prospectivity of the target area."

The planned program will consist of approximately 500m of diamond drilling over the two targets and will take approximately two to three weeks to complete with results expected by late August.

Musgrave completed a detailed ground EM survey over the new Pallatu targets (see ASX release dated 27th May 2014) which 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 targets model at approximately 80m (Pallatu 6) and 300m (Pallatu 7) depth (Figure 3 & 4). Down hole EM will also be undertaken on the drill holes.

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

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

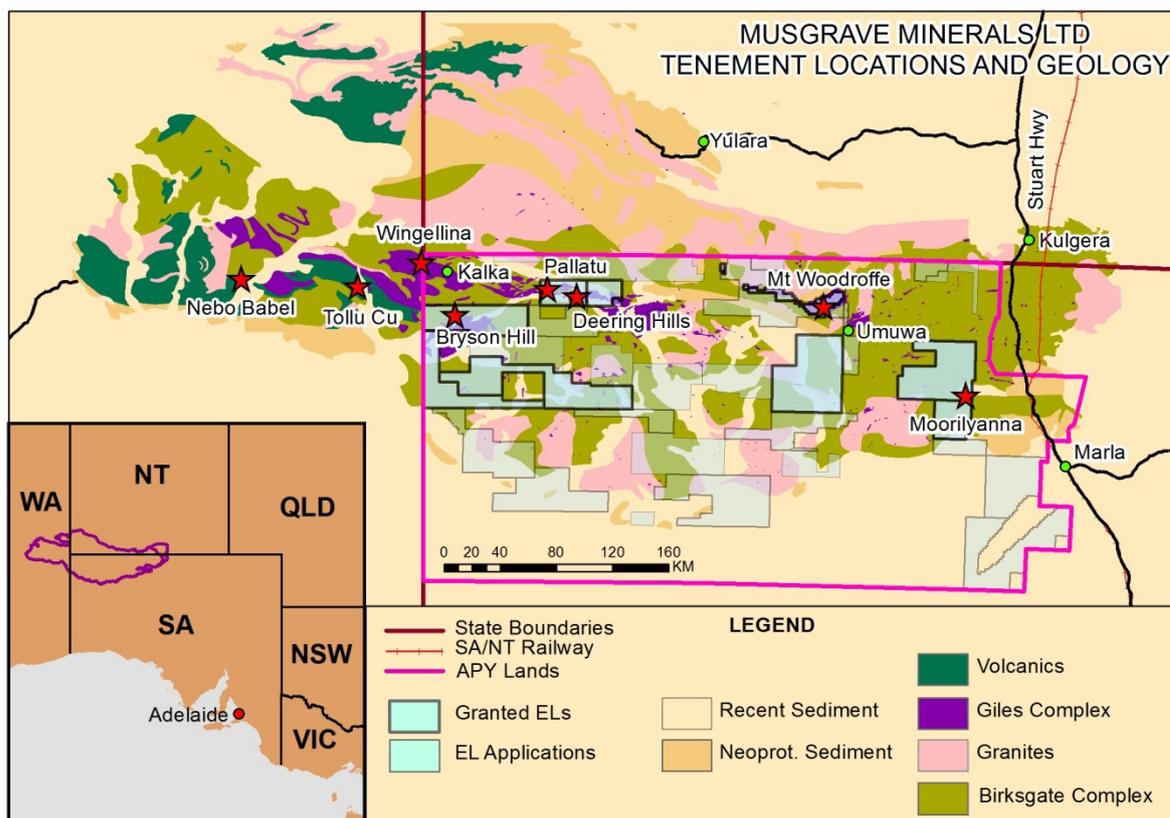


Figure 1: **Location of Musgrave Minerals' Exploration Licences in the Musgrave Region of South Australia**



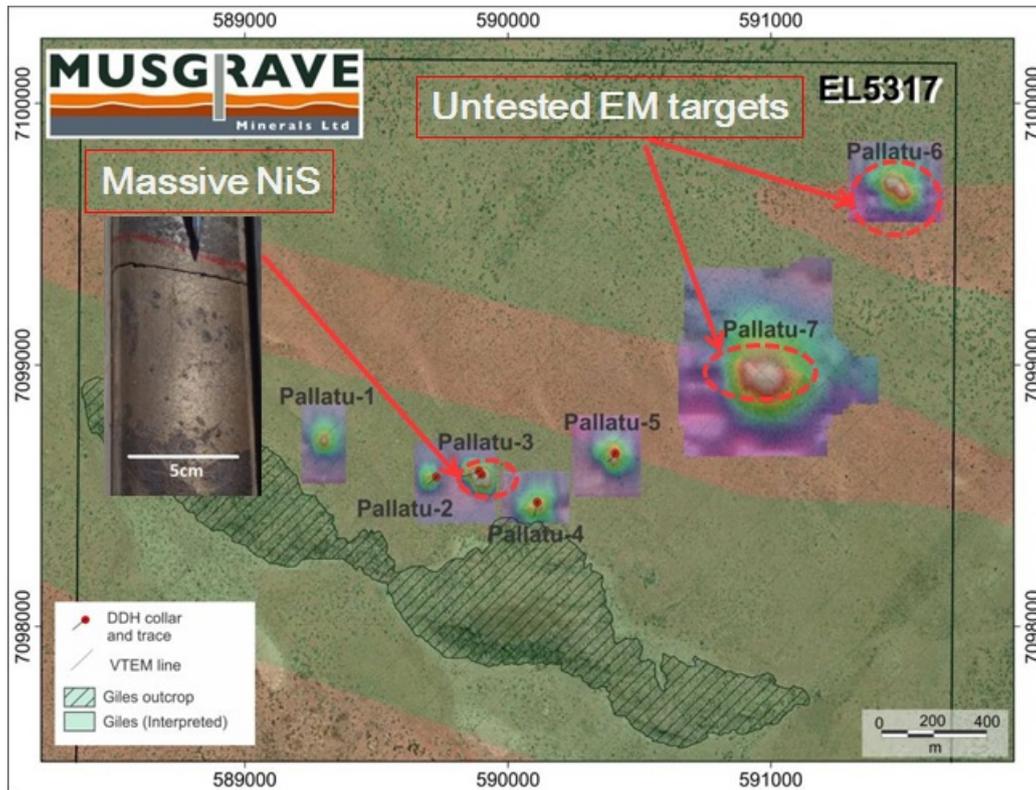


Figure 2: **Location of ground EM targets (Pallatu 6 & 7) and existing drill holes on Landsat backdrop with image of massive nickel sulphide previously intersected at Pallatu 3 (see ASX release dated 9th December 2013). Background image is late-time fixed loop transient electromagnetic (FLTEM) response on Landsat. Interpreted Giles (mafic/ultramafic) host rocks are shown in green. The majority of the area is under shallow sand cover.**

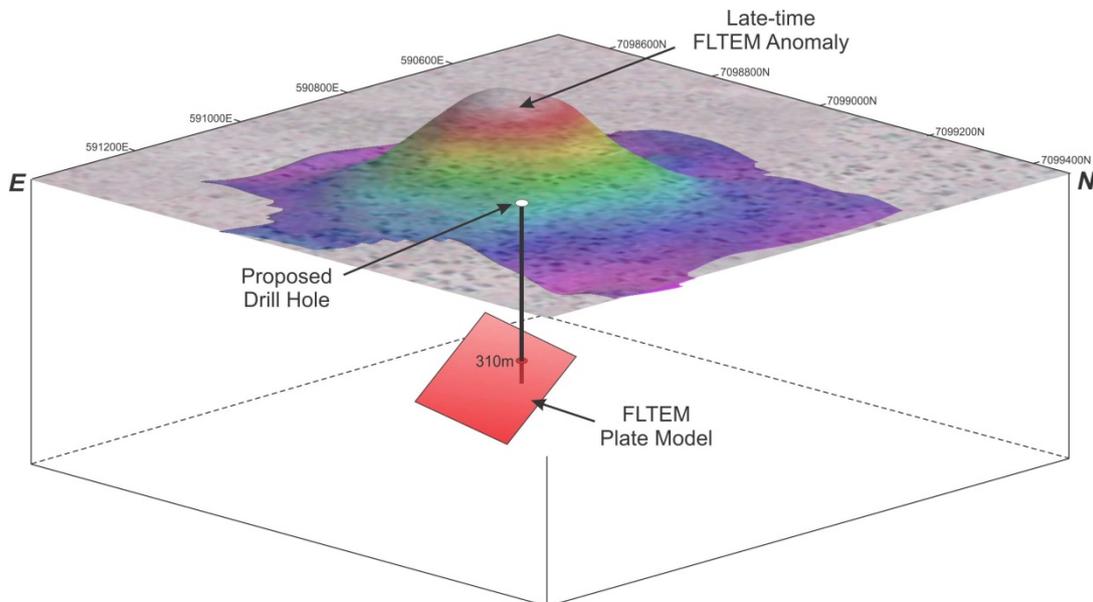


Figure 3: **Gridded image of the Pallatu 7 FLTEM target on Landsat image showing the location of the modelled conductor and planned drill hole.**



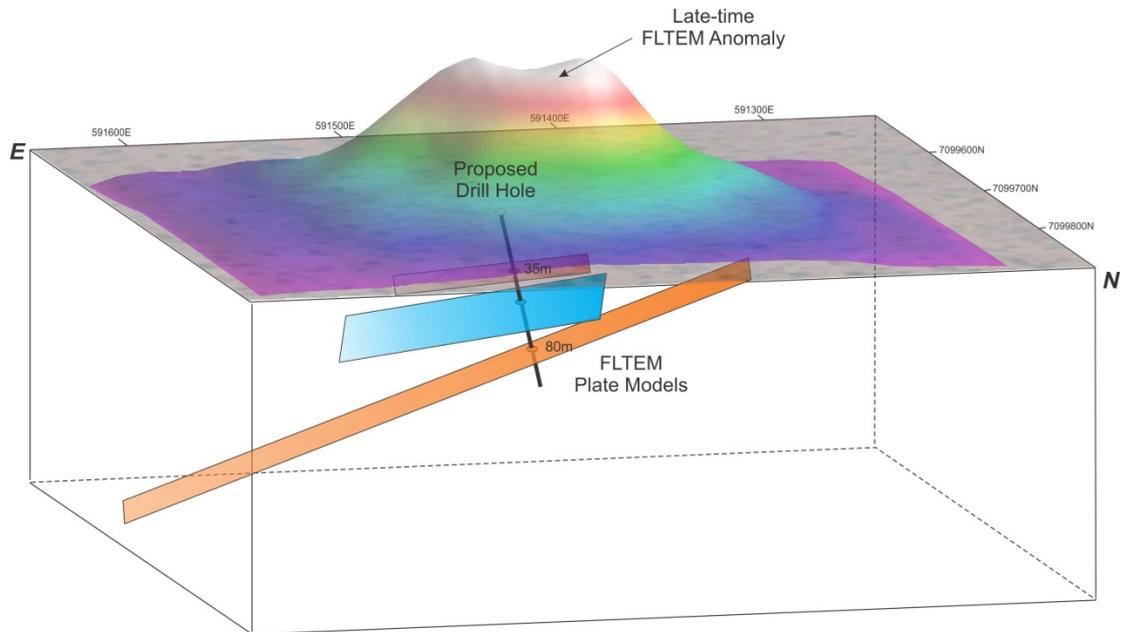


Figure 4: **Gridded image of the Pallatu 6 FLTEM target on Landsat image showing the location of the modelled conductors and planned drill hole.**

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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.

