



ASX RELEASE

22 July 2016

ASX: MGV

Drilling Re-Commences at Break of Day

- An RC drilling program comprising up to 17 holes for 3,000m has commenced at the Cue Project
- Drilling at Break of Day will focus on extending the strike of the high grade gold mineralisation including:
 - 3m @ 24.3g/t Au from 158m down hole in 16MORC004;
 - 2m @ 25.2g/t Au from 96m down hole in 16MORC001; and
 - 2m @ 22.0g/t Au from 137m down hole in 16MORC001
- Follow-up drilling will also be undertaken at the new Purple Rain prospect where historical drilling intersected:
 - 2m @ 8.0g/t Au
- Additional copper-gold drilling will be undertaken at the Mt Eelya discovery where massive and stringer sulphide was intersected:
 - 8m @ 1.6% Cu, 0.6g/t Au, 4.5g/t Ag

Musgrave Minerals Ltd ("Musgrave" or "the Company") (ASX: MGV) is pleased to announce the commencement of reverse circulation ("RC") drilling at the Break of Day gold target in the Murchison region of Western Australia (*Figure 1*).

The RC drilling program will consist of approximately 17 drill holes for 3,000m and take approximately 3 weeks to complete. First assay results are expected in late August.

Musgrave's objective is to increase gold and copper resources to underpin studies that will demonstrate a viable path to development.

The drilling will focus on possible extensions to the existing high grade gold mineralisation at Break of Day, basement testing of the new Purple Rain gold prospect and follow-up of the massive sulphide copper-gold discovery at Mt Eelya.

The Company would also like to remind those shareholders eligible to participate in the fully underwritten Share Purchase Plan announced on 4th July 2016 that the Offer closes on 5th August 2016. Offer documents were despatched to eligible shareholders on the 8th July 2016 and a number of acceptances have already been received.

Break of Day

Follow-up RC drilling is planned at Break of Day (Figure 1) to test the lateral strike continuity of the high grade gold mineralisation intersected in drill holes 16MORC001 and 16MORC004 (see ASX announcements 13 April 2016, “High Grade Gold at Break of Day” and 6 June 2016, “More High Grade Gold at Break of Day”). These intersections include:

- 3m @ 24.3g/t Au from 158m down hole in 16MORC004;
- 2m @ 25.2g/t Au from 96m down hole in 16MORC001; and
- 2m @ 22.0g/t Au from 137m down hole in 16MORC001.

The gold mineralisation has the potential to extend over a strike length of more than 400m (Figure 2) and is open down dip and down plunge. The mineralisation at Break of Day is interpreted to be moderately dipping quartz vein hosted gold mineralisation with minor (1-2%) pyrite, within a basaltic stratigraphic sequence. Break of Day is on a granted mining lease.

The aim of the current program is to define the strike continuity of gold mineralisation to delineate a high grade gold resource.

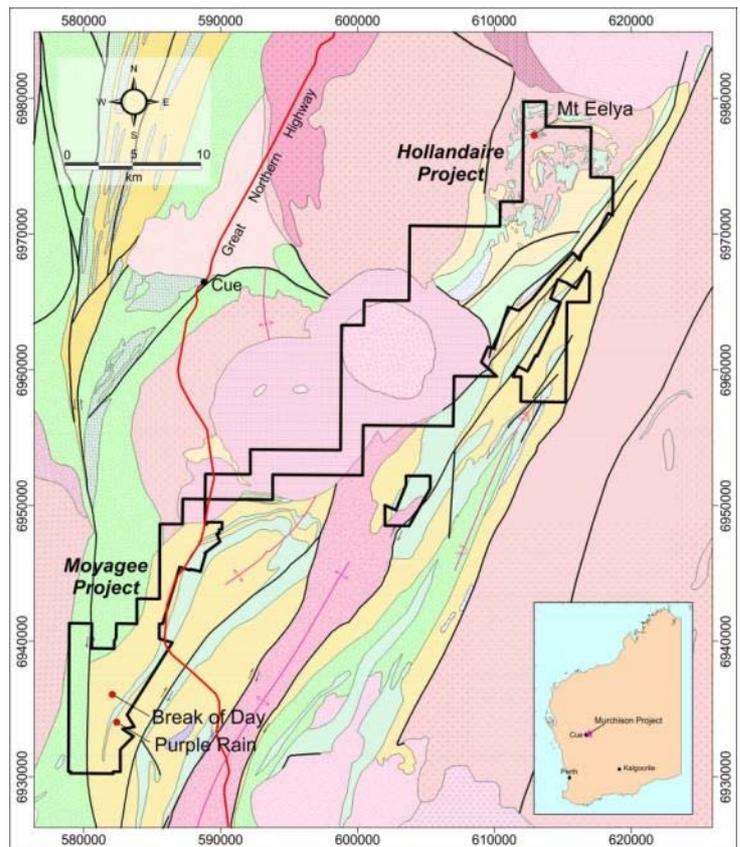


Figure 1: Cue project location plan showing Break of Day and Mt Eelya

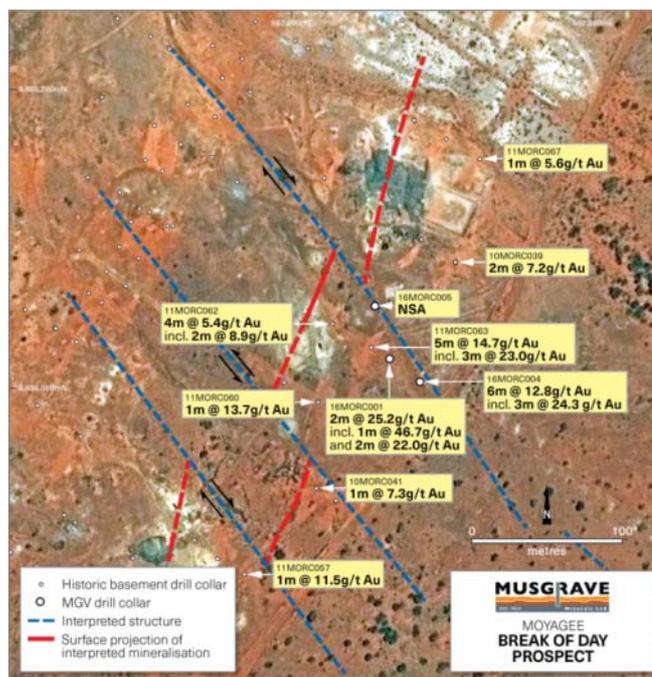


Figure 2: Plan of Break of Day drill hole collar locations showing projected surface trace of mineralisation and significant intersections

Purple Rain

RC drilling at Purple Rain is planned to follow-up the historical gold intersection in MRB1559 (2m @ 8.02g/t Au from 29m down hole) (see ASX announcement 13 July 2016, "New Untested Gold Target"). The mineralisation is open for a potential strike extent of up to 800m. The intersection is in the weathered zone in an area of thin transported cover (Figure 3) with no basement or follow-up drilling. Historical geological logging suggests the mineralisation is associated with quartz veining and hosted within a mafic/sedimentary Archaean sequence.

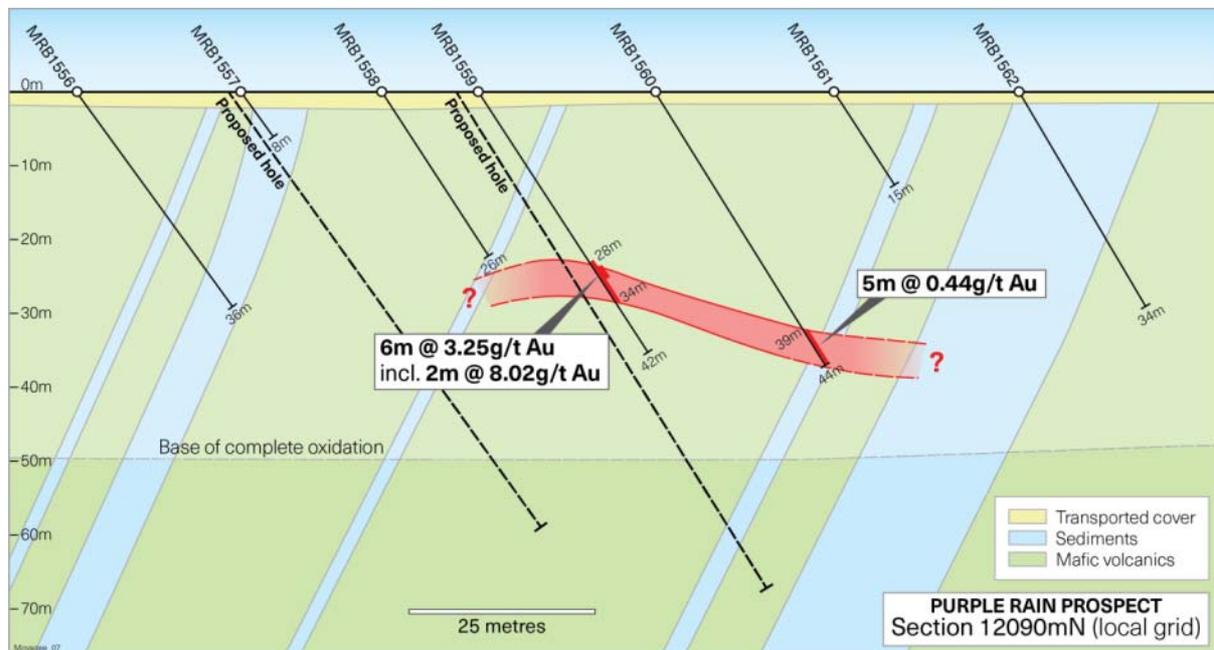


Figure 3: Purple Rain cross section showing gold mineralisation and proposed drilling

Mt Eelya

Follow-up RC drilling is planned at the Mt Eelya massive copper-gold discovery where Musgrave intersected 8m @ 1.6% Cu, 0.6g/t Au and 4.5g/t Ag (see ASX announcement 3 March 2016, "Copper-Gold Mineralisation Confirmed at Mt Eelya").

The mineralisation at Mt Eelya is interpreted to be hosted in an altered felsic/basaltic sequence, striking to the north-west and dipping steeply to the south. An off-hole down hole electromagnetic ("DHEM") conductor has been identified south-east of the drill hole that could represent an extension to the existing sulphide mineralisation.

Gossanous float, the weathered product of sulphide mineralisation, can be traced at surface over a strike of approximately 300m at Mt Eelya. The gossan forms two intermittent but sub-parallel zones. Interpretation of the versatile time domain electromagnetic survey ("VTEM") data has identified three potential conductors aligned parallel with the gossans (Figure 4). A ground EM survey is planned to commence in mid-August to define additional drill targets.

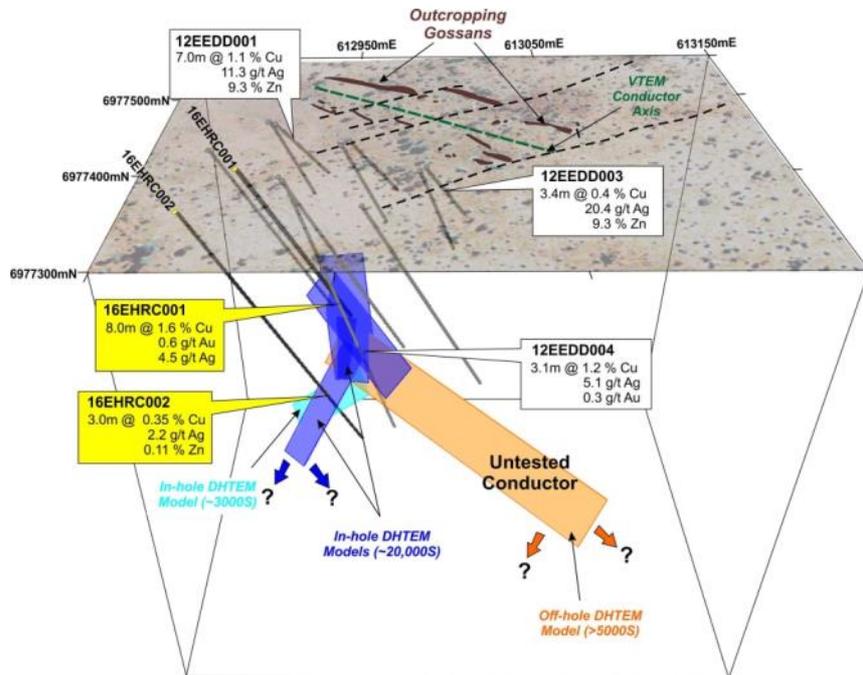


Figure 4: Three dimensional image of Mt Elya drill hole location plan showing drill holes, significant intersections, outcropping gossans, VTEM conductors and DHEM model targets

About the Cue Project

The Cue Project (“The Project”) is a Farm-In and Joint Venture Agreement with Silver Lake Resources Limited (“Silver Lake”) (ASX: SLR) where Musgrave can earn up to an 80% interest. The Project consists of the Moyagee Gold and Hollandaire Copper Resources (see ASX announcement “25 November 2015, “Musgrave Secures Advanced Gold and Copper Project”) and surrounding tenure in the highly prospective Murchison province of Western Australia. There is significant potential to extend existing mineralisation and also discover new mineralisation within the Project area.

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About Musgrave Minerals

Musgrave Minerals Limited is an active Australian gold and base metals explorer. The Cue Project in the Murchison region of Western Australia is an advanced gold and copper project. Musgrave’s focus is to increase gold and copper resources through discovery and extensional drilling to underpin studies that will demonstrate a viable path to development in the near term. Musgrave also holds the highly prospective Mamba Ni-Cu sulphide project in the Fraser Range of Western Australia and an active epithermal Ag-Pb-Zn-Cu project in the prospective silver and base metals province of the southern Gawler Craton of South Australia and a large exploration footprint in the Musgrave Province in South Australia. Musgrave has a powerful shareholder base with four mining and exploration companies currently participating as cornerstone investors.

Competent Person’s Statement Exploration Results

The information in this report that relates to Exploration Targets and Exploration Results 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.