



ASX RELEASE

1 March 2017

ASX: MGV

Gold Drilling Recommences at Break of Day and Lena

- A drilling program comprising up to 40 holes for over 4,000m has commenced at the Break of Day and Lena high grade gold prospects
- Drilling will focus on extending and infilling the high grade gold mineralisation at both prospects to enable a resource estimate to be completed in the second quarter of 2017
- Assay results from the drilling are expected in late March

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 and Lena gold prospects on the Cue Project in the Murchison region of Western Australia (*Figure 1*).

The RC drilling program will consist of approximately 40 drill holes for a total of approximately 4,000 metres. The objective of the drilling is to extend and infill the high grade gold mineralisation at both prospects to complete a new resource estimate in the second quarter of 2017.

First assay results are expected from late March.

Musgrave's objective is to increase the high grade gold resources to underpin studies that will demonstrate a viable path to development.

BREAK OF DAY

The high grade gold mineralisation at Break of Day is confirmed to occur in vertical to steep westerly dipping, semi-parallel quartz lodes hosting gold with minor (1-2%) pyrite, within a dolerite-basaltic stratigraphic sequence. The separation of the Twilight and Velvet gold lodes varies along strike from 15 to 60 metres. The gold mineralisation is currently open along strike and down plunge.

LENA

The mineralisation at Lena is confirmed to occur in vertical to steeply dipping, semi-parallel quartz lodes hosting high grade gold within an ultramafic-doleritic stratigraphic sequence. The gold mineralisation is currently open along strike and down plunge.

The Lena deposit is currently defined along a 1.6km strike length and hosts a total combined Mineral Resource of 1.273Mt @ 1.86g/t Au for 76,000oz Au (see ASX announcement 26 October 2016, "2016 Annual Report – Replacement Report").

The near surface high grade gold at Lena has the potential to be mined through open cut methods and due to its close proximity, may enhance the economics of any potential future development at Break of Day.

There is significant potential to extend and increase the gold resource at Lena with further drilling.

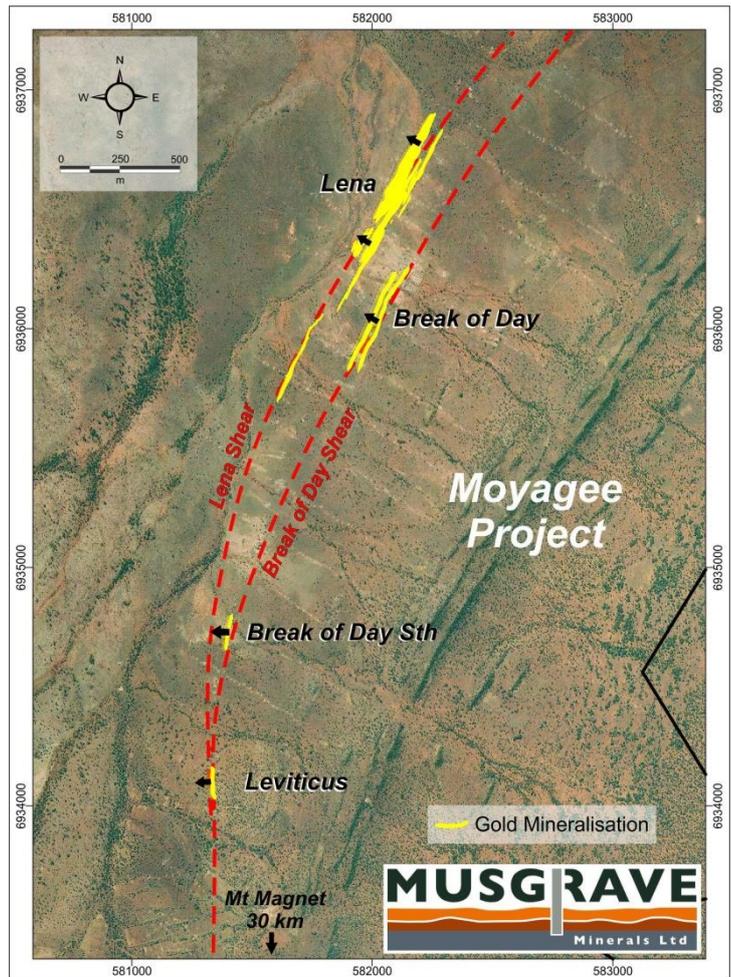


Figure 1: Prospect locations - Moyagee

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). Musgrave has met the Stage 1 Earn-In and acquired a 60% Joint Venture interest in the Project and has elected to progress to Stage 2 and increase its equity to 80%. 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 (Figure 2).

The Company believes there is significant potential to extend existing mineralisation and also discover new mineralisation within the Project area, shown by the recent drilling success at Break of Day and Lena.

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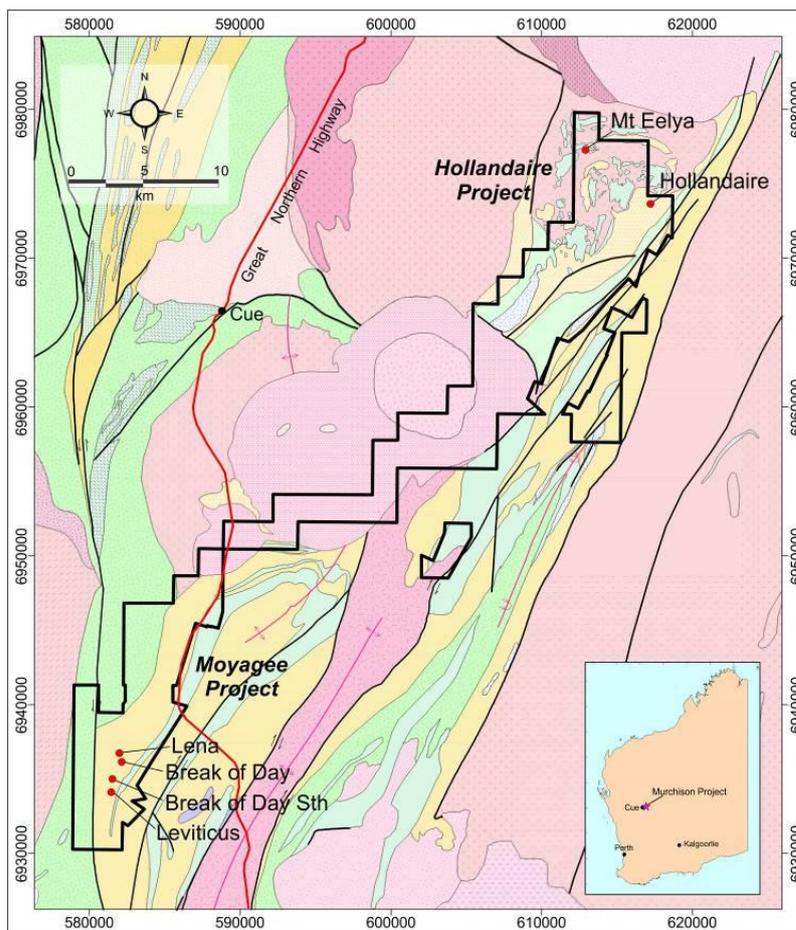


Figure 2: Cue Project location plan

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.

Forward Looking Statements

This document may contain certain forward-looking statements. Forward-looking statements include, but are not limited to statements concerning Musgrave Minerals Limited's (Musgrave's) current expectations, estimates and projections about the industry in which Musgrave operates, and beliefs and assumptions regarding Musgrave's future performance. When used in this document, words such as "anticipate", "could", "plan", "estimate", "expects", "seeks", "intends", "may", "potential", "should", and similar expressions are forward-looking statements. Although Musgrave believes that its expectations reflected in these forward-looking statements are reasonable, such statements are subject to known and unknown risks, uncertainties and other factors, some of which are beyond the control of Musgrave and no assurance can be given that actual results will be consistent with these forward-looking statements.

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