



December 2017 Quarterly Activities Report

Musgrave Minerals Ltd is an Australian focused gold and base metal exploration company. Musgrave plans to grow through the discovery and development of gold and base metal resources within Australia.

ASX Code: MGV
Issued Shares: 279M
Cash Balance: \$3.6M
ABN: 12 143 890 671

Directors

Graham Ascough
Robert Waugh
Kelly Ross
John Percival

Top Shareholders

Jetosea Pty Ltd
Silver Lake Resources Ltd
Independence Group NL

Head Office

28 Richardson Street
West Perth, 6005
Western Australia
T: +61 (8) 9324 1061
F: +61 (8) 9324 1014
info@musgraveminerals.com.au
www.musgraveminerals.com.au

Highlights

Cue Project - Gold

Break of Day

- Extensional RC drilling outside the resource boundary at Break of Day continued to return strong gold intersections including:
 - 4m @ 9.3g/t Au
 - 3m @ 9.2g/t Au
 - 9m @ 4.8g/ Au
 - 4m @ 4.6g/t Au
- These intersections extend the mineralisation approximately 160m beyond the current resource boundary
- Significant resource infill drilling results include:
 - 30m @ 11.3g/t Au
 - 10m @ 7.6g/t au
 - 11m @ 13.6g/t Au
 - 6m @ 8.2g/t Au
 - 6m @ 13.2g/t Au
 - 2m @ 13.4g/t Au
- Diamond drilling has commenced to extend the mineralisation down plunge
- There is potential to extend the high-grade gold mineralisation a further 750m south to the new Louise discovery

Louise

- New high-grade gold discovery with drilling intersecting 4m @ 15.4g/t Au from 79m down hole
- The mineralisation is open to the north and down plunge
- Follow-up RC drilling has commenced

Regional

- A major regional gravity survey has commenced to identify and prioritise additional gold targets along the >20km strike of the Break of Day/Lena shear zone

Corporate

- During the quarter \$3.6 million was raised through an over-subscribed Placement and Share Purchase Plan

Introduction

Musgrave Minerals Ltd (“Musgrave” or “the Company”) (ASX:MGV) is an Australian gold and base metals resources company focused on gold and base metal exploration and development at the Cue Project in the Murchison Province of Western Australia (Figure 1).

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

Louise.

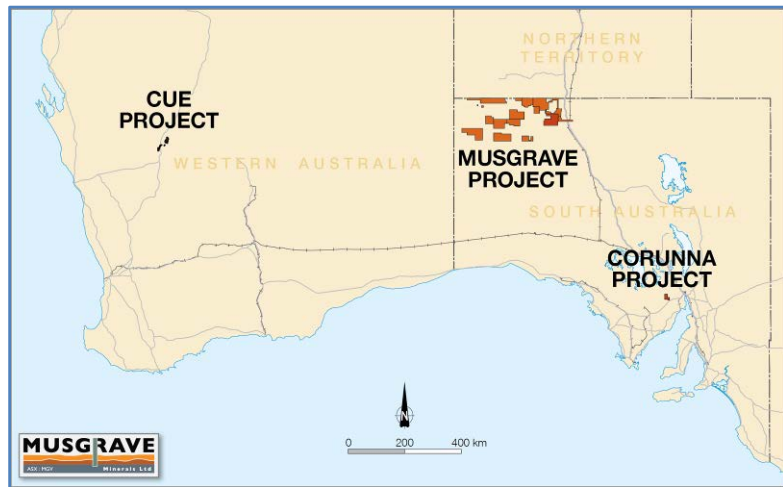


Figure 1: Musgrave Minerals' project location map

The southern area hosts a combined JORC (2012) and JORC (2004) compliant Mineral Resource of 3.87Mt @ 3.07g/t Au for 382koz contained gold within four separate deposits: Break of Day, Lena, Leviticus and Numbers. The total project gold resources (Indicated and Inferred) are 4.83Mt @ 2.84g/t Au for 441koz Au (see MGV ASX announcements 13 July 2017, “Resource Estimate Exceeds 350koz Gold” and 24 October 2017, “Annual Report 2017”).

Musgrave also has projects in the Musgrave Geological Province and Gawler Range of South Australia (Figure 1).

Corporate

During the period the Company progressed exploration as summarised in the Exploration Activities section of this report. At the end of the December 2017 quarter, the Company held \$3.6 million in cash.

During the quarter Musgrave completed a capital raising to accelerate drilling and development studies at the Cue Project. A total of \$3.6 million was raised through an oversubscribed placement to sophisticated & professional investors and institutional funds (\$2.852M) and

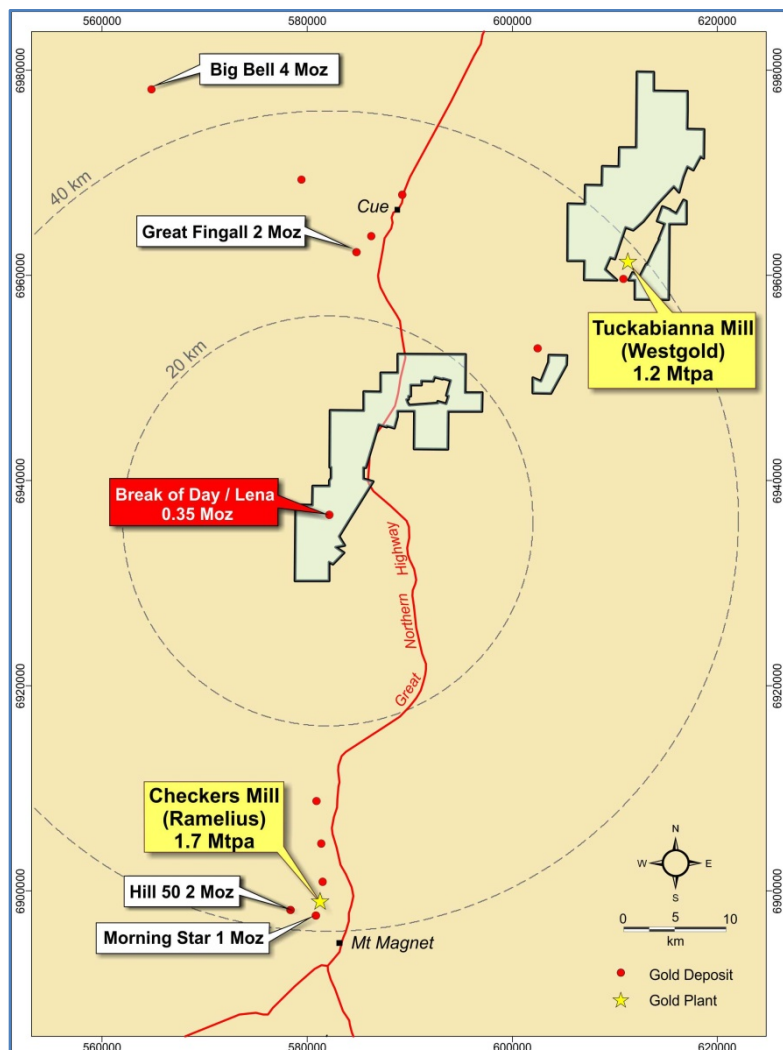


Figure 2: Cue Project location plan

Quarterly Activities Report for the period ended 31 December 2017

\$0.75M through a share purchase plan to existing shareholders (see *MGV ASX announcement 11 October 2017, "Placement and Share Purchase Plan to Raise \$3.6M"*).

A Farm-in and Joint Venture agreement with Petrathern Limited (ASX: PTR) has been executed for the Corunna project in South Australia. Pending the satisfaction of the Conditions Precedent, Petrathern can earn up to 75% through staged expenditure of \$1 million over 2.5 years.

Exploration Activities

Cue Project

Musgrave Minerals Ltd (100%)

The Project hosts Gold and Copper Resources (see *MGV ASX announcements 13 July 2017, "Resource Estimate Exceeds 350koz Gold"* and *24 October 2017, "Annual Report 2017"*) and surrounding tenure in the highly prospective Murchison Province of Western Australia.

A regional gravity survey covering the Break of Day/Lena shear zone has commenced to define new targets and prioritise existing targets for drill testing.

Break of Day

During the quarter the Company received high-grade gold assay results from its reverse circulation ("RC") drilling program completed at Break of Day with positive infill gold results and multiple high-grade intersections identified outside the existing resource boundary (see *MGV ASX announcement 10 November 2017, "Musgrave Extends Break of Day Mineralisation"*; *27 November 2017, "High-Grade Gold Intercepts Confirm Continuity at Break of Day"*). These results are summarised in Table 1 and Figure 3.

A total of 33 RC drill holes were completed for 6,405 metres to infill the existing resource to improve the resource classification and to extend the mineralisation to the south.

A diamond drilling program is currently underway to further extend the high-grade gold mineralisation down plunge. The Company aims to double the Break of Day resource.

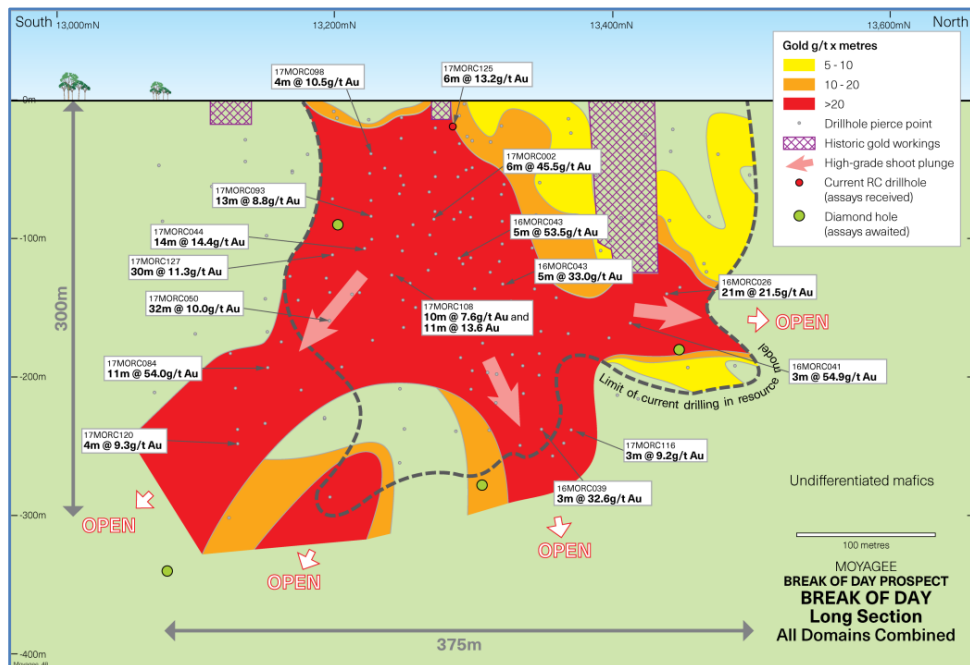


Figure 3: Break of Day schematic long section of the combined Twilight and Velvet gold lodes with drill hole locations showing high-grade shoots together with new drill targets (a long section or longitudinal section is a section along the plane of the lode and in this instance shows gold grade x thickness variability with depth of the combined Lodes)

Quarterly Activities Report for the period ended 31 December 2017

Drill Hole #	Drill Type	Intersection	Down Hole Depth (From)	Prospect	Lode
Break of Day -- Extensional Drilling					
17MORC102	RC	2m @ 5.3g/t Au	168	Break of Day	Twilight
17MORC103	RC	4m @ 4.6g/t Au	327	Break of Day	Twilight
17MORC105	RC	9m @ 4.8g/t Au including	206	Break of Day	Twilight
		1m @ 17.4g/t Au and	213		
17MORC116	RC	3m @ 9.2g/t Au	278	Break of Day	Twilight
17MORC120	RC	4m @ 9.3g/t Au including	288	Break of Day	Twilight
		2m @ 16.8g/t Au	288	Break of Day	Twilight
Break of Day -- Infill Drilling					
17MORC101	RC	2m @ 13.4g/t Au	124	Break of Day	Twilight
17MORC108	RC	10m @ 7.6g/t Au and	96	Break of Day	Twilight
		11m @ 13.6g/t Au including	115		
		6m @ 24.5g/t Au	120		
17MORC117	RC	6m @ 8.2g/t Au including	84	Break of Day	Velvet
		2m @ 20.9g/t Au	86		
17MORC118	RC	3m @ 12.6g/t Au	102	Break of Day	Twilight
17MORC120	RC	4m @ 9.3g/t Au including	288	Break of Day	Twilight
17MORC125	RC	6m @ 3.4g/t Au including	81	Break of Day	Velvet
		1m @ 16.9g/t Au	81		
17MORC126	RC	6m @ 13.2g/t Au including	56	Break of Day	Twilight
		3m @ 23.5g/t Au	56		
17MORC127	RC	30m @ 11.3g/t Au including	120	Break of Day	Twilight
		4m @ 22.3g/t Au	120		
		8m @ 28.1g/t Au	136		

Table 1: High-grade gold drill hole intersections from Moyagee Project (see MGV ASX announcement 10 November 2017 and 27 November 2017 for further details)

Louise

During the quarter the Company made a new high-grade gold discovery at the Louise prospect approximately 750m south of Break of Day. Mineralisation at Louise is of similar style and nature to that at Break of Day and is located on the same shear zone (Figure 4).

Drill holes 17MORC112 and 17MORC111 both intersected the targeted structure and quartz lode at Louise showing continuity over strike. 17MORC112 intersected 4m @ 15.4g/t Au from 79m down hole including 2m @ 29.9g/t Au from 81m which is open to the north and down dip (see MGV ASX Announcement 29 November 2017; "New High-Grade Gold Discovery at Louise").

The high-grade gold intersection at Louise demonstrates the potential for multiple high-grade gold shoots along the Break of Day shear which extends for over 20km of strike with very limited basement drill testing. Follow-up RC drilling has commenced to test the 750m gap between Louise and Break of Day.

Quarterly Activities Report for the period ended 31 December 2017

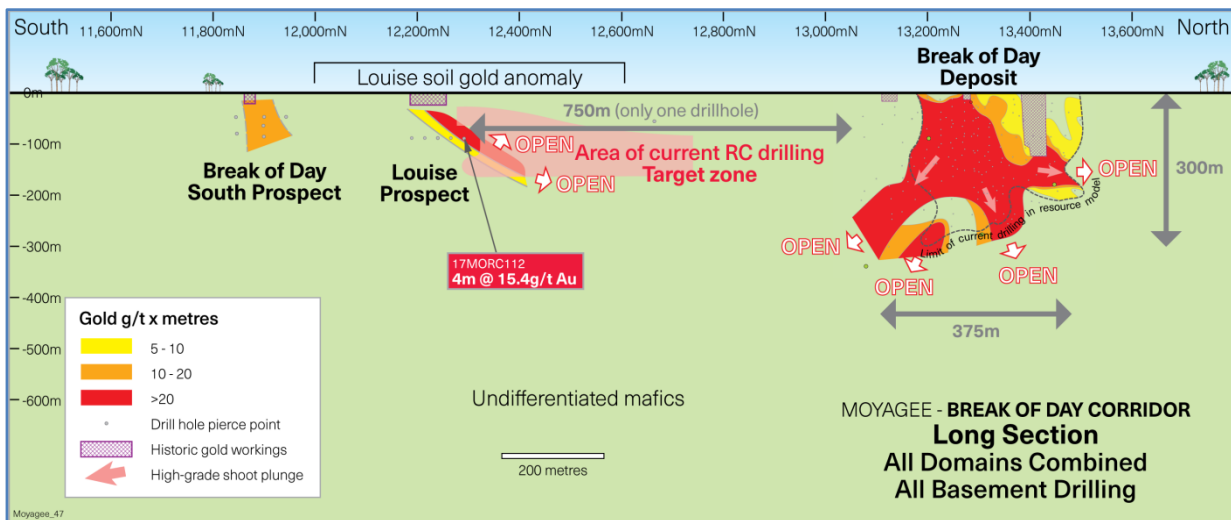


Figure 4: Extended Break of Day / Louise schematic long section of 2km zone along the Break of Day shear zone. The long section shows the combined Twilight and Velvet gold lodes at Break of Day together with the location of the Louise and Break of Day South prospects (a long section or longitudinal section is a section along the plane of the lode and in this instance shows gold grade x thickness variability with depth of the gold Lodes)

Exploration Upside

At Break of Day there remains significant potential to extend the high-grade gold mineralisation to the south and at depth (Figure 3). Diamond drilling is currently underway to extend the resource.

At the Louise prospect, the current RC drilling will test the continuity and extent of this new high-grade gold discovery.

The Company has >20km of prospective strike with multiple targets to drill test along the Break of Day/Lena shear.

The Break of Day/Lena shear zone is a second order gold bearing structure with significant upside potential. The geological setting is analogous to the Great Fingall deposits (~2Moz Au @ ~8g/t) 30km to the north.

Other Projects

Musgrave currently holds tenements in the Musgrave region and the Corunna Project in the Gawler Craton region of South Australia. No significant exploration was carried out on these tenements during the quarter.

Ongoing Exploration

- Infill diamond drilling at Break of Day to confirm geology and structure is complete with first assay results expected within two weeks.
- An extensional diamond drilling program has commenced at Break of Day with the first hole completed with assays expected within six weeks.
- RC drilling to follow up on the recently announced high-grade gold discovery at Louise has commenced with first assays expected within four weeks.
- The detailed regional geophysical gravity survey underway at Cue will complete coverage of the entire 20km Break of the Day/Lena shear zone. The gravity data will be used for target generation and target drilling prioritisation.

Notes Specific – December 2017 Quarter ASX Announcements

Additional details including JORC 2012 reporting tables, where applicable, can be found in the following announcements lodged with the ASX during the quarter:

- 03/10/2017 Drilling to Test New High Grade Shoot at Break of Day
- 11/10/2017 Placement and Share Purchase Plan to Raise \$3.6M
- 16/10/2017 Cleansing Notice
- 16/10/2017 Share Purchase Plan
- 17/10/2017 Cleansing Statement
- 17/10/2017 Disclosure under ASX Listing Rule 7.1A 4B and 3.10 5A
- 24/10/2017 Annual Report 2017
- 24/10/2017 Notice of Annual General Meeting/Proxy Form
- 31/10/2017 September 2017 Quarterly Activities and Cashflow Report
- 10/11/2017 Musgrave Extends Break of Day Mineralisation
- 14/11/2017 BRR Interview – Latest Results and Forward Planning
- 27/10/2017 High-Grade Gold Intercepts Confirm Continuity at Break of Day
- 29/11/2017 New High-Grade Gold Discovery at Louise
- 29/11/2017 AGM Chairman's Address
- 29/11/2017 2017 AGM Presentation by Managing Director
- 29/11/2017 Results of Meeting
- 30/11/2017 Change of Directors Interest Notice x 4
- 08/12/2017 30m Zone of High-Grade Gold Intersected at Break of Day
- 12/12/2017 Research Capital Research Report
- 13/12/2017 BRR Interview – Site Video, Break of Day, Cue Project
- 14/12/2017 Secondary Trading Notice
- 19/12/2017 Veritas Research Report
- 29/12/2017 Secondary Trading Notice
- 29/12/2017 Change of Directors Interest Notice
- 04/01/2018 Change of Directors Interest Notice
- 22/01/2018 Drilling has re-commenced at Break of Day and Louise

For enquiries contact:

Rob Waugh

Managing Director

Musgrave Minerals Ltd

info@musgraveminerals.com.au

+61 8 9324 1061

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 has had significant exploration success at Cue with the ongoing focus on increasing the 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 a large exploration tenement package in the Ni-Cu-Co prospective Musgrave Province in South Australia.

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.

Mineral Resources and Ore Reserves

The information in this report that relates to Mineral Resources at Break of Day and Lena is based on information compiled by Mr Aaron Meakin. Mr Meakin is a full-time employee of CSA Global Pty Ltd and is a Member of the Australasian Institute of Mining and Metallurgy. Mr Meakin has sufficient experience relevant to the style of mineralisation and type of deposit under consideration and to the activity which he is undertaking to qualify as Competent Persons as defined in the 2012 edition of the Australasian Code for the Reporting of Exploration Results, Mineral Resources and Ore Reserves (JORC Code). Mr Meakin consents to the disclosure of the information in this report in the form and context in which it appears.

The information in this report that relates to the Hollandaire, Rapier South, Jasper Queen, Gilt Edge, Leviticus and Numbers Mineral Resources and Ore Reserve Estimates is extracted from the report created by Silver Lake Resources Limited entitled "Mineral Resources and Ore Reserves Update", 26 August 2016, and is available to view on Silver Lake's website (www.silverlakeresources.com.au) and the ASX (www.asx.com.au). The Company confirms that it is not aware of any new information or data that materially affects the information included in the original market announcement and, in the case of estimates of Mineral Resources and Ore Reserves that all material assumptions and technical parameters underpinning the estimates in the relevant market announcement continue to apply and have not materially changed. The Company confirms that the form and context in which the Competent Person's findings are presented have not materially modified from the original market announcement.

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.

Quarterly Activities Report for the period ended 31 December 2017

Tenement information in accordance with Listing Rule 5.3.3

Tenement ID	Previous Tenement ID	Project	State	Status	MGV Interest at start of quarter	MGV Interest at end of quarter
EL5175	EL3955	Musgrave	SA	Granted	100%	0%
EL5497		Corunna	SA	Granted	100%	100%
E58/507		Cue	WA	Granted	100%	100%
P58/1709		Cue	WA	Granted	100%	100%
P58/1710		Cue	WA	Granted	100%	100%
E21/194		Cue	WA	Granted	100%	100%
E20/606		Cue	WA	Granted	100%	100%
E20/608		Cue	WA	Granted	100%	100%
E20/616		Cue	WA	Granted	100%	100%
E20/630		Cue	WA	Granted	72%	72%
E20/659		Cue	WA	Granted	72%	90%
E20/836		Cue	WA	Granted	100%	100%
E21/144		Cue	WA	Granted	100%	100%
E20/629		Cue	WA	Granted	100%	100%
E20/698		Cue	WA	Granted	100%	100%
E20/699		Cue	WA	Granted	100%	100%
E20/700		Cue	WA	Granted	100%	100%
E21/129		Cue	WA	Granted	100%	100%
E21/177		Cue	WA	Granted	100%	100%
E58/335		Cue	WA	Granted	100%	100%
M20/225		Cue	WA	Granted	100%	100%
M20/245		Cue	WA	Granted	100%	100%
M20/277		Cue	WA	Granted	100%	100%
M21/106		Cue	WA	Granted	100%	100%
M21/107		Cue	WA	Granted	100%	100%
M58/224		Cue	WA	Granted	100%	100%
M58/225		Cue	WA	Granted	100%	100%
P20/2094		Cue	WA	Granted	100%	100%
P20/2219		Cue	WA	Granted	100%	100%
P20/2279		Cue	WA	Granted	100%	100%
L20/57		Cue	WA	Granted	100%	100%

Appendix 5B

Mining exploration entity and oil and gas exploration entity quarterly report

Introduced 01/07/96 Origin Appendix 8 Amended 01/07/97, 01/07/98, 30/09/01, 01/06/10, 17/12/10, 01/05/13, 01/09/16

Name of entity

MUSGRAVE MINERALS LIMITED

ABN

12 143 890 671

Quarter ended ("current quarter")

31 DECEMBER 2017

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (6 months) \$A'000
1.	Cash flows from operating activities		
1.1	Receipts from customers		
1.2	Payments for		
	(a) exploration & evaluation	(948)	(1,691)
	(b) development	-	-
	(c) production	-	-
	(d) staff costs	(70)	(149)
	(e) administration and corporate costs	(168)	(302)
1.3	Dividends received (see note 3)	-	-
1.4	Interest received	10	25
1.5	Interest and other costs of finance paid	-	-
1.6	Income taxes paid	-	-
1.7	Research and development refunds	-	236
1.8	Other (provide details if material)	-	-
1.9	Net cash from / (used in) operating activities	(1,176)	(1,881)

2.	Cash flows from investing activities		
2.1	Payments to acquire:		
	(a) property, plant and equipment	-	-
	(b) tenements (see item 10)	-	(1,500)
	(c) investments	-	-
	(d) other non-current assets	-	-

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (6 months) \$A'000
2.2	Proceeds from the disposal of:		
	(a) property, plant and equipment	-	-
	(b) tenements (see item 10)	-	-
	(c) investments	-	-
	(d) other non-current assets	-	-
2.3	Cash flows from loans to other entities	-	-
2.4	Dividends received (see note 3)	-	-
2.5	Other (provide details if material)	-	-
2.6	Net cash from / (used in) investing activities	-	(1,500)

3.	Cash flows from financing activities		
3.1	Proceeds from issues of shares	3,617	3,617
3.2	Proceeds from issue of convertible notes	-	-
3.3	Proceeds from exercise of share options	18	18
3.4	Transaction costs related to issues of shares, convertible notes or options	(208)	(208)
3.5	Proceeds from borrowings	-	-
3.6	Repayment of borrowings	-	-
3.7	Transaction costs related to loans and borrowings	-	-
3.8	Dividends paid	-	-
3.9	Other (provide details if material)	-	-
3.10	Net cash from / (used in) financing activities	3,427	3,427

4.	Net increase / (decrease) in cash and cash equivalents for the period		
4.1	Cash and cash equivalents at beginning of period	1,355	3,560
4.2	Net cash from / (used in) operating activities (item 1.9 above)	(1,176)	(1,881)
4.3	Net cash from / (used in) investing activities (item 2.6 above)	-	(1,500)
4.4	Net cash from / (used in) financing activities (item 3.10 above)	3,427	3,427
4.5	Effect of movement in exchange rates on cash held	-	-
4.6	Cash and cash equivalents at end of period	3,606	3,606

5. Reconciliation of cash and cash equivalents at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts	Current quarter \$A'000	Previous quarter \$A'000
5.1 Bank balances	256	505
5.2 Call deposits	3,350	850
5.3 Bank overdrafts	-	-
5.4 Other (provide details)	-	-
5.5 Cash and cash equivalents at end of quarter (should equal item 4.6 above)	3,606	1,355

6. Payments to directors of the entity and their associates

- 6.1 Aggregate amount of payments to these parties included in item 1.2
- 6.2 Aggregate amount of cash flow from loans to these parties included in item 2.3
- 6.3 Include below any explanation necessary to understand the transactions included in items 6.1 and 6.2

Current quarter \$A'000
114
-

Directors' fees, salary payments and superannuation.

7. Payments to related entities of the entity and their associates

- 7.1 Aggregate amount of payments to these parties included in item 1.2
- 7.2 Aggregate amount of cash flow from loans to these parties included in item 2.3
- 7.3 Include below any explanation necessary to understand the transactions included in items 7.1 and 7.2

Current quarter \$A'000
-
-

Mining exploration entity and oil and gas exploration entity quarterly report

8.	Financing facilities available <i>Add notes as necessary for an understanding of the position</i>	Total facility amount at quarter end \$A'000	Amount drawn at quarter end \$A'000
8.1	Loan facilities	-	-
8.2	Credit standby arrangements	-	-
8.3	Other (please specify)	-	-
8.4	Include below a description of each facility above, including the lender, interest rate and whether it is secured or unsecured. If any additional facilities have been entered into or are proposed to be entered into after quarter end, include details of those facilities as well.		

--

9.	Estimated cash outflows for next quarter	\$A'000
9.1	Exploration and evaluation	830
9.2	Development	-
9.3	Production	-
9.4	Staff costs	80
9.5	Administration and corporate costs	160
9.6	Other (provide details if material)	-
9.7	Total estimated cash outflows	1,070

10.	Changes in tenements (items 2.1(b) and 2.2(b) above)	Tenement reference and location	Nature of interest	Interest at beginning of quarter	Interest at end of quarter
10.1	Interests in mining tenements and petroleum tenements lapsed, relinquished or reduced	EL5175 (SA)	Expired	100%	0%
10.2	Interests in mining tenements and petroleum tenements acquired or increased	E20/659 (WA) ⁽¹⁾	Acquired	72%	90%

Note: (1): On 4 August 2017, the Company completed the acquisition of Silver Lake's remaining interest in the Cue Project JV by exercising its pre-emptive right and a Deed of Assignment and Assumption was completed in October 2017 with regard to E20/659.

Compliance statement

- 1 This statement has been prepared in accordance with accounting standards and policies which comply with Listing Rule 19.11A.
- 2 This statement gives a true and fair view of the matters disclosed.

Sign here:
(Director/Company Secretary)



Date: 30 January 2018

Print name: Patricia Farr

Notes

1. The quarterly report provides a basis for informing the market how the entity's activities have been financed for the past quarter and the effect on its cash position. An entity that wishes to disclose additional information is encouraged to do so, in a note or notes included in or attached to this report.
2. If this quarterly report has been prepared in accordance with Australian Accounting Standards, the definitions in, and provisions of, AASB 6: Exploration for and Evaluation of Mineral Resources and AASB 107: Statement of Cash Flows apply to this report. If this quarterly report has been prepared in accordance with other accounting standards agreed by ASX pursuant to Listing Rule 19.11A, the corresponding equivalent standards apply to this report.
3. Dividends received may be classified either as cash flows from operating activities or cash flows from investing activities, depending on the accounting policy of the entity.