



June 2014 Quarterly Activities Report

Musgrave Minerals Limited is a dedicated exploration company focused on base metals, silver and gold in the highly prospective Musgrave Province and Gawler Craton regions of South Australia

ASX Code: MGV
Issued Shares: 121M
Cash Balance: \$6.1M
ABN: 12 143 890 671

Directors

Graham Ascough
Robert Waugh
Kelly Ross
John Percival

Top shareholders

Mithril Resources Ltd
Independence Group NL
Barrick (Australia Pacific) Ltd
Silver Lake Resources Ltd
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Highlights

Musgrave Region

- Nickel sulphide targets confirmed at Pallatu 6 and 7
- Targets in the same geological setting as Nebo-Babel nickel-sulphide deposit in west Musgrave
- Diamond drilling on Pallatu nickel targets commenced early July, results are expected in late August

Menninnie Dam

- Surface geochemistry extended the silver anomalism and identified a new high-priority target area west of Frakes
- Encouraging drill results from Spare Rib target included assay values up to 1.1% Pb, 0.7% Zn and 46.4g/t Ag
- Infill geochemistry and gravity survey planned at Frakes and other high priority targets at Menninnie

Planned Activity

- Complete drilling at Pallatu 6 & 7 targets, analyse and interpret results
- Undertake down hole electromagnetic (EM) surveys at Pallatu
- Complete infill geochemistry and gravity survey at Menninnie Dam targets
- Plan drilling program to follow up further targets at Menninnie Dam, dependent on results
- Continue to assess projects for potential joint venture or acquisition

Introduction

Musgrave Minerals Limited (ASX: MGX) is an Australian-based exploration and development company focused on base metal, gold and silver exploration in the Musgrave Geological Province and Gawler Craton regions of South Australia (Figure 1).

The Musgrave tenements are prospective for massive and disseminated nickel and copper sulphides within the mafic/ultramafic Giles Complex intrusives and base metal mineralisation within the Birksgate Complex metavolcanic and meta-sedimentary sequences.

Menninnie Dam, approximately 100km west of Port Augusta in South Australia, is a silver-zinc-lead project comprising five licences which cover an area of 2,471km² in the southern Gawler Craton.

Musgrave is a well funded, active explorer with a very strong financial position. Musgrave has \$6.1 million in cash.

Corporate

During the period, the Company spent \$0.71 million on exploration activities as summarised in the Exploration Activities section of this report. At the end of the June 2014 quarter, the Company was well resourced to explore its Musgrave and Gawler Craton projects with \$6.1 million in cash. During the quarter Musgrave received \$0.49M in regard to the 2012/2013 Financial Year Research and Development rebate.

Project generation, identification and assessment activities are continuing.

Exploration Activities

The Company's exploration during the June 2014 quarter focused on the Deering Hills Project, in the Musgrave region, where the Company identified two new electromagnetic (EM) conductors at the Pallatu 6 and 7 targets. Drilling on these targets commenced in early July. The Company also undertook detailed infill geochemistry across the Frakes target at the Menninnie Dam Project and received assay results for the single diamond drill hole drilled at Tank Hill.

Musgrave Minerals has been actively involved with the CSIRO during the quarter on research on its Musgrave project with excellent progress in relation to fertility indicators, lithogeochemical discriminators and magnetic remanence. This work will enhance Musgrave's probability of successful exploration.

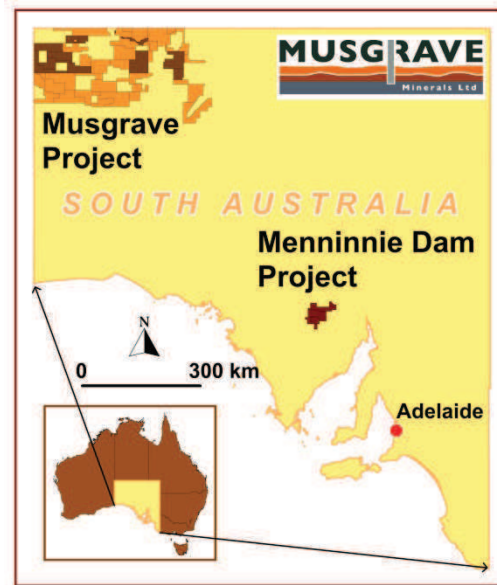


Figure 1: **Musgrave Minerals' Project Location Map**

Musgrave Region Projects

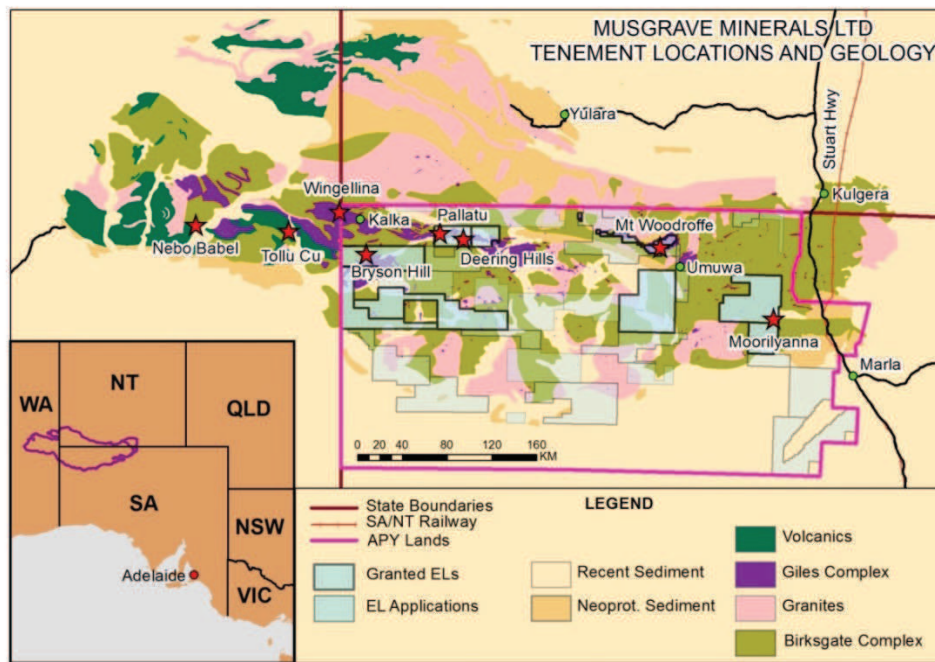


Figure 2: *Location of MGV's Musgrave Region Projects, South Australia*

Deering Hills Project

EL5172, EL5173 and EL5317 (100% Musgrave Minerals Ltd)

The Deering Hills Project is in the centre of the Musgrave geological province; about 200km west of the Stuart Highway and Adelaide to Darwin rail line in far north-west South Australia (Figure 2).

During the quarter, Musgrave confirmed new nickel targets at Pallatu 6 and 7 on the Deering Hills Project (see ASX announcement 27th May 2014). Musgrave completed a detailed ground electromagnetic (EM) survey over both the Pallatu targets (Figure 3) originally identified from a regional airborne VTEM (versatile time-domain electromagnetic) survey. Both conductors were interpreted to be on the contact of Giles complex mafic/ultramafic intrusive rocks in areas of thin sand cover. Similar rocks host the Nebo-Babel nickel-copper sulphide deposit further west in the Musgrave region.

The Pallatu 7 target is a late-time conductor modelled at up to 350m in strike length at a depth of approximately 280m using a fixed loop transient electromagnetic (FLTEM) survey methodology. The Pallatu 6 conductor is modelled at less than 100m in strike length but significantly shallower at approximately 40-80m depth.

In December 2013 Musgrave intersected massive and disseminated nickel and copper sulphide in diamond core at the Pallatu 3 target (Figure 3). 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.

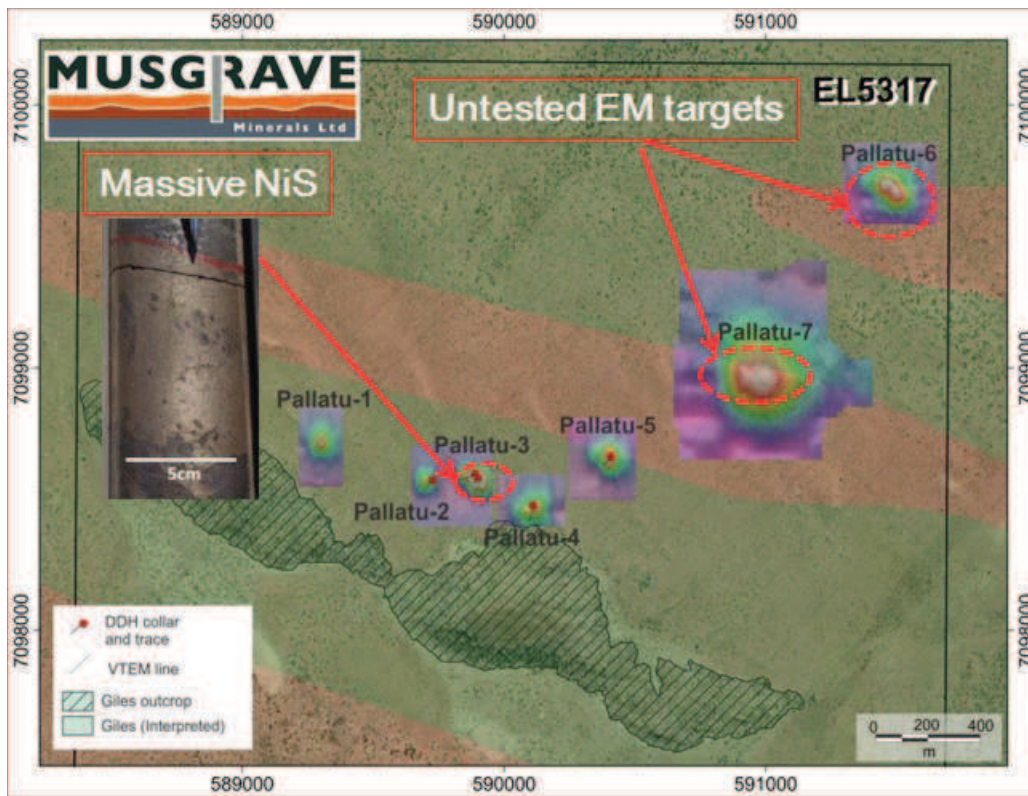


Figure 3: *Location of ground EM targets (Pallatu 6 & 7) and existing drill holes on Landsat backdrop with image of massive nickel sulphide previously intersected at Pallatu 3 (see ASX release dated 9th December 2013). Background image is late-time fixed loop transient electromagnetic (FLTEM) response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

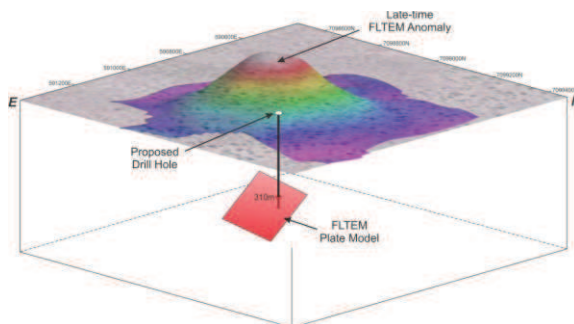


Figure 4: *Gridded image of the Pallatu 7 FLTEM target on Landsat image showing the location of the modelled conductor and planned drill hole.*

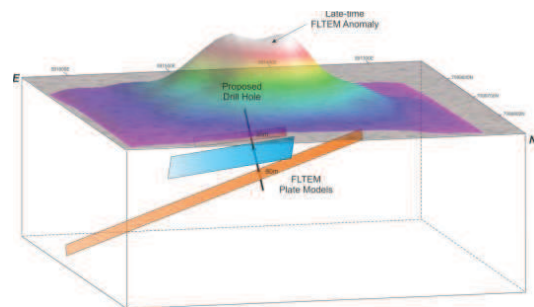


Figure 5: *Gridded image of the Pallatu 6 FLTEM target on Landsat image showing the location of the modelled conductors and planned drill hole.*

Musgrave commenced a diamond drilling program consisting of approximately 400m over the two targets in early July. The program was expected to take two weeks to complete, and results are expected in late August.

Bryson Hill Project

EL5205 (Musgrave Minerals Ltd earning up to 75% from Pitjantjatjara Mining Company Pty Ltd and Zeil No. 1 Pty Ltd)

The Bryson Hill Project covers an area of approximately 1,535km² and is located in the far easterly portion of the Musgrave Province (Figure 2).

MGV discovered a nickel-copper sulphide gossan at the Smeagol target in October 2013. A nickel-copper gossan is the iron-rich weathered product of nickel-copper sulphide. The gossan float at surface assayed up to 0.23% nickel, 0.17% copper, and 220ppb platinum + palladium, and was traced over a strike length of approximately 110m.

The Company completed ground EM over the Smeagol target during the quarter, but did not identify a basement conductor.

Mimili Project

EL5174 & EL5175 (100% Musgrave Minerals Ltd)

The Mimili Project consists of two wholly-owned exploration licences, EL5174 and EL5175, and is located in the eastern portion of the Musgrave region (Figure 2).

Musgrave's ground EM crew undertook field EM surveys over 10 targets on prospects throughout June, including the Valerii and Baltar targets at Mimili where there are coincident magnetic, gravity and surface nickel-copper soil geochemical anomalies. Results for this work are currently being processed and interpreted.

Gawler Craton

Menninnie Dam Project

EL5039, 4813, 4285, 4669, 4865 (Musgrave Minerals Ltd earning up to 51% in the first instance and up to 75% thereafter)

Menninnie Dam comprises five Exploration Licences (ELs) covering a contiguous area of 2,471km² in the Gawler Craton, about 100km west of Port Augusta (Figure 6). The Company executed a Farm in and Joint Venture Agreement with Menninnie Metals Pty Ltd, a subsidiary of Terramin Australia Limited (ASX: TZN), to earn a 51% interest in the Menninnie Dam Project in the first stage, and up to a 75% interest thereafter.



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The project hosts two deposits, Menninnie Central and Viper, that have a combined Inferred mineral resource of 7.7Mt at 27g/t silver, 3.1% zinc and 2.6% lead (estimated by Terramin in 2011 in accordance with the 2004 JORC code) which are not closed off. The project has significant potential to discover new economic mineral deposits.

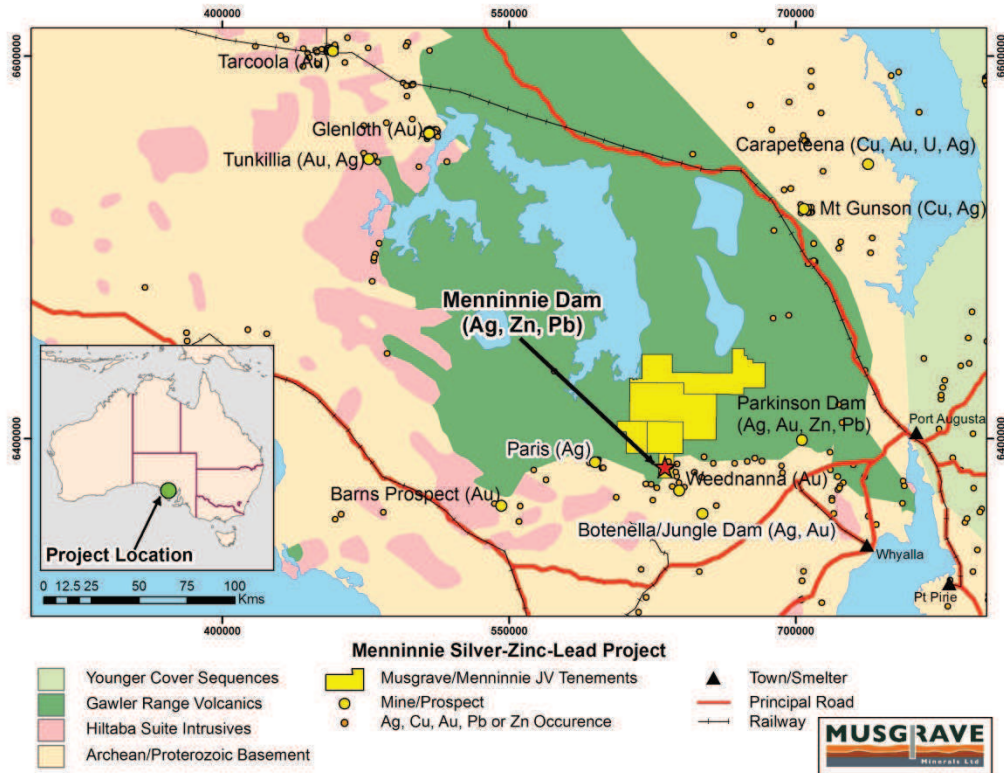


Figure 6: *Location of the Menninnie Dam Project, South Australia*

During the quarter, Musgrave completed a detailed soil sampling grid (50m x 100m) over the Frakes target (Figure 7) at Menninnie Dam to better define the silver anomalism. Results returned highly anomalous silver values including a peak value of 407ppb Ag at the western edge of the grid where the anomalism remains open (see ASX announcement 23rd May 2014). Follow-up drilling to further test this target is being planned for the fourth quarter of 2014.

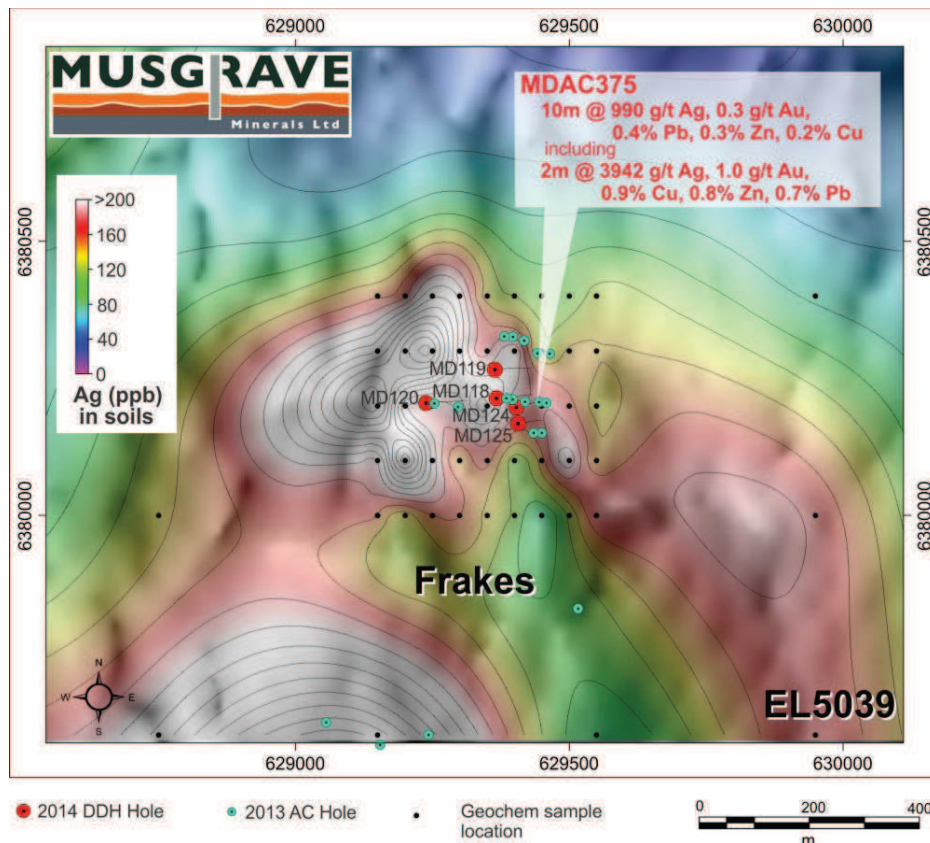


Figure 7: Location of drill hole collars at Frakes prospect with infill surface geochemistry showing significant surface silver geochemical anomalism west and south east of current drilling.

The Company also received encouraging drill results from the Spare Rib target, which included assay values up to 1.1% Pb, 0.7% Zn and 46.4g/t Ag (see ASX announcement dated 23rd May 2014). Assay results for the single diamond drill hole (MD123) completed at Tank Hill in April have been received. Minor zinc anomalism was encountered at shallow depth (Appendix 1).

An infill geochemistry survey commenced at Frakes (Figure 7) during June to refine targets for further drilling. Wet weather has delayed the completion of the survey.

Other Projects

During the quarter South Australia tenement EL5403, Toondulya Bluff was granted in the southern Gawler craton. The tenement covers 390km² and is prospective for high grade gold mineralisation.

Musgrave is continuing to assess and evaluate new projects and opportunities to increase shareholder value.

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Upcoming Activity

During the September 2014 quarter, Musgrave Minerals is planning the following activities:

- Diamond drilling of the Pallatu 6 and 7 EM conductors at Deering Hills in the Musgrave, followed by analysis and interpretation of results
- Down hole EM surveys on all Pallatu drill holes
- Interpretation of ground EM data at Mimili
- Ongoing geochemistry and gravity surveys at Menninnie Dam targets to refine areas for future drilling
- Actively assess and evaluate new project opportunities for the Company.

Competent Person's Statement

The information in this report that relates to Exploration Results is based on information compiled by Mr Robert Waugh. Mr Waugh 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 of Musgrave Minerals Limited. Mr Waugh has sufficient industry experience 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 their information in the form and context in which it appears.

About Musgrave Minerals

Musgrave Minerals Ltd has 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 in the prospective silver and base metals province of the southern Gawler Craton.

Musgrave has a powerful shareholder base with six mining and exploration companies participating as cornerstone investors. Musgrave Minerals Ltd is an active Australian base metals explorer currently exploring in South Australia and actively looking for new projects for joint venture or acquisition.

Enquiries:

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* JORC (2004 Edition)-compliant inferred resource for the Menninnie Central and Viper deposits was reported by Terramin Australia Limited (ASX: TZN) on 1st March 2011

Deposit	Tonnes x10³	Zn (%)	Pb (%)	Ag (g/t)	Pb+Zn (%)
Total Menninnie Central	5,240	3.5	2.7	28	6.1
Total Viper	2,460	2.3	2.4	24	4.8
Total Combined Menninnie Central and Viper	7,700	3.1	2.6	27	5.7

Inferred Resource (at 2.5% Pb+Zn cut-off) as at 15 February 2011

MGV is not aware of any new information that would affect the material nature of this resource calculation.

Competent Person's Statement

The information in this report that relates to Mineral Resources or Ore Reserves is based on information 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 2004 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.

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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
EL5317		Musgrave	SA	Granted	100%	100%
EL4850		Musgrave	SA	Granted	100%	100%
EL4851		Musgrave - PMC JV	SA	Granted	0% (may earn up to 75%)	0% (may earn up to 75%)
EL4852		Musgrave	SA	Granted	100%	100%
EL4853		Musgrave	SA	Granted	100%	100%
EL5171	EL3940	Musgrave	SA	Granted	100%	100%
EL5172	EL3941	Musgrave	SA	Granted	100%	100%
EL5173	EL3942	Musgrave	SA	Granted	100%	100%
EL5174	EL3954	Musgrave	SA	Granted	100%	100%
EL5175	EL3955	Musgrave	SA	Granted	100%	100%
EL5205	EL4047	Musgrave - PMC JV	SA	Granted	0% (may earn up to 75%)	0% (may earn up to 75%)
EL5039		Musgrave - Menninnie Metals JV	SA	Granted	0% (may earn up to 75%)	0% (may earn up to 75%)
EL4813		Musgrave - Menninnie Metals JV	SA	Granted	0% (may earn up to 75%)	0% (may earn up to 75%)
EL4285		Musgrave - Menninnie Metals JV	SA	Granted	0% (may earn up to 75%)	0% (may earn up to 75%)
EL4669		Musgrave - Menninnie Metals JV	SA	Granted	0% (may earn up to 75%)	0% (may earn up to 75%)
EL4865		Musgrave - Menninnie Metals JV	SA	Granted	0% (may earn up to 75%)	0% (may earn up to 75%)
EL5403		Musgrave	SA	Granted	0%	100%

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Appendix 1: *Summary of Menninnie Dam Diamond Drill Hole Locations and Significant Results*

Drill Hole ID	Drill Type	Prospect	Eastin g (m)	Northing (m)	Az	Dip (degrees)	RL	Total Depth (m)	From (m)	Interval (m)	Pb (%)	Zn (%)	Cu (%)	Ag (ppm)
MD118	Diam	Frakes	629367	6380214	90.0	-60.0	268	143.0	55	1	0.02	0.54	0	1
MD119	Diam	Frakes	629364	6380266	90.0	-60.0	269	131.5	39.5	0.5	0.41	0.02	0.01	0.9
									53.2	0.8	0.16	0.47	0	1.8
MD120	Diam	Frakes	629238	6380205	90.0	-60.0	267	152.8	142	3	0.01	0.02	0	12.4
MD121	Diam	Spare Rib	634713	6385551	80.0	-60.0	296	149.9	37	2.3	0.7	0.22	0.08	X
									75	1	0.15	0.01	0.1	46.4
									86	1.1	0.51	0.11	0.01	1.2
									88.9	0.6	0.22	0.06	0.05	13.7
									115	3	0.21	0.12	0	18.9
									118	1	0.45	0.19	0.01	8
MD122	Diam	Spare Rib	634675	6385556	90.0	-60.0	296	222.3	35	2	0.92	0.09	0.08	3.1
									36	1	1.06	0.08	0.07	1.9
									39	0.4	0.49	0.1	0.04	X
									50	1.3	0.45	0.06	0.02	1.7
									149.8	0.7	0.54	0.72	0.03	13.8
									175.2	0.55	0.79	0.05	0	2.2
									215.9	1.09	1.0	0.34	0.02	13.1
MD123	Diam	Tank Hill	635039	6391993	90.0	-60.0	274	218.8	63	1.2	-	1.04	0.01	0.6
MD124	Diam	Frakes	629403	6380197	85.0	-60.0	267	80.0	NSA					
MD125	Diam	Frakes	629406	6380168	90.0	-60.0	266	90.0	NSA					

Notes

1. An accurate dip and strike and the controls on mineralisation are yet to be determined and the true width of the intercepts is not yet known
2. All intervals recorded in Appendix 1 above are >10ppm Ag or 0.4% Pb, or 0.4% Zn, or 0.4% Cu or 100ppm Mo and contain no more than 1m of internal dilution
3. All higher grade intervals are also separately reported in Appendix 1 with assays above 1.0% Pb, or 1.0% Zn and contain no more than 1m of internal dilution
4. NSA (no significant assay) – No assay above 10ppm Ag or 0.4% Pb or 0.4% Zn or 0.4% Cu or 100ppm Mo
5. All holes are diamond drilled
6. g/t (grams per tonne)
7. ppm (parts per million)
8. ppb (parts per billion)
9. X = below detection limit

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Musgrave Project JORC TABLE 1 Section 1 Sampling Techniques and Data

Criteria	Explanation	Commentary
Sampling techniques	<i>Nature and quality of sampling (eg cut channels, random chips, or specific specialised industry standard measurement tools appropriate to the minerals under investigation, such as down hole gamma sondes, or handheld XRF instruments, etc). These examples should not be taken as limiting the broad meaning of sampling.</i>	Sampling is undertaken using standard industry practices. Diamond drill hole samples are selected on geological criteria and sampled on site, before being transported and analysed in Adelaide. Soil Sampling -80# mesh soil samples (~100g) at a nominal 10cm depth on 100m x 50m grid.
	<i>Include reference to measures taken to ensure sample representivity and the appropriate calibration of any measurement tools or systems used.</i>	Drill hole and soil sample co-ordinates are in UTM grid (GDA94 Z53) and have been measured by hand-held GPS with an accuracy of ±4 metres.
	<i>Aspects of the determination of mineralisation that are Material to the Public Report. In cases where 'industry standard' work has been done this would be relatively simple (eg 'reverse circulation drilling was used to obtain 1m samples from which 3kg was pulverised to produce a 30g charge for fire assay'). In other cases more explanation may be required, such as where there is coarse gold that has inherent sampling problems. Unusual commodities or mineralisation types (eg submarine nodules) may warrant disclosure of detailed information.</i>	Diamond drilling was used to obtain samples which were analysed at geological intervals between 0.1m and 1.5m on ½ core which was pulverized and analysed using MS/ICP for base metals and precious metals. Individual drill samples weigh less than 3kg to ensure total preparation at the laboratory pulverization stage. The sample size is deemed appropriate for the grain size of the material being sampled.
Drilling techniques	<i>Drill type (eg core, reverse circulation, open-hole hammer, rotary air blast, auger, Bangka, sonic, etc) and details (eg core diameter, triple or standard tube, depth of diamond tails, face-sampling bit or other type, whether core is oriented and if so, by what method, etc).</i>	Ron Potts Drilling was contracted to undertake diamond drilling. Diamond core is a combination of NQ2 and HQ size. Drill core is orientated using a down hole spear and structural measurements recorded in "Geo-calculator" or "Geosoft Target" software program. All holes were cored from surface.
Drill sample recovery	<i>Method of recording and assessing core and chip sample recoveries and results assessed.</i>	Diamond core recoveries are logged and recorded in the database. Some possible core loss issues were identified.
	<i>Measures taken to maximise sample recovery and ensure representative nature of the samples.</i>	Diamond core is reconstructed into continuous intervals on angle iron racks for orientation and reconciliation against core block markers. Rod and metre counts are routinely carried out by the driller.
	<i>Whether a relationship exists between sample recovery and grade and whether sample bias may have occurred due to preferential loss/gain of fine/coarse material.</i>	No bias has been observed between sample recovery and grade.
Logging	<i>Whether core and chip samples have been geologically and geotechnically logged to a level of detail to support appropriate Mineral Resource estimation, mining studies and metallurgical studies.</i>	All geological, structural and alteration related observations are stored in the database.
	<i>Whether logging is qualitative or quantitative in nature. Core (or costean, channel, etc) photography.</i>	Logging of lithology, structure, alteration, mineralisation, colour and other features of core or RC chips is undertaken on a routine basis. Both wet and dry photography of diamond core is undertaken on a tray by tray basis.
	<i>The total length and percentage of the relevant intersections logged.</i>	All drill holes are logged in full on completion.
Sub-sampling techniques and sample preparation	<i>If core, whether cut or sawn and whether quarter, half or all core taken.</i>	Diamond core is cut and sampled on geological intervals. A diamond core saw was used to cut the core and selected ½ core intervals were submitted for analysis.
	<i>If non-core, whether riffled, tube sampled, rotary split, etc and whether sampled wet or dry.</i>	Soil samples are collected dry and sieved using a -80# (180 micron). ~100g is collected for analysis.

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	<i>For all sample types, the nature, quality and appropriateness of the sample preparation technique.</i>	Drill sample preparation and base metal and precious metal analysis is undertaken by Intertek Genalysis, in Wingfield, South Australia. Sample preparation by dry pulverisation to 90% passing 75 micron.
	<i>Quality control procedures adopted for all sub-sampling stages to maximise representivity of samples.</i>	Field QC procedures involve the use of certified reference standards, duplicates and blanks at appropriate intervals.
	<i>Measures taken to ensure that the sampling is representative of the in situ material collected, including for instance results for field duplicate/second-half sampling.</i>	Sampling was carried out using MGW protocols and QAQC procedures as per industry best practice. Duplicate 1/4 core samples are analysed and routinely checked against originals. Standards were inserted at 1 in 50 samples. Soil samples duplicates are inserted at 1 in 25 samples.
	<i>Whether sample sizes are appropriate to the grain size of the material being sampled.</i>	Sample sizes are considered appropriate for the commodities and elements explored and analysed for.
Quality of assay data and laboratory tests	<i>The nature, quality and appropriateness of the assaying and laboratory procedures used and whether the technique is considered partial or total.</i>	Drill sample analysis is undertaken by Intertek Genalysis, in Wingfield, South Australia, multi element analysis by four acid total digest (hydrochloric, nitric, perchloric and hydrofluoric acid) and ICP-OES and ICP-MS to acceptable detection limits and Au, Pt & Pd by FA25/MS. Analysis for a total of 34 elements is recorded. Soil sample analysis is undertaken by Intertek Genalysis Perth. Internal certified laboratory QAQC is undertaken including check samples, blanks and internal standards. Samples are analysed using Intertek's proprietary Terra Leach (TL1) partial leach method (ICP-MS & ICP-OES) for Ag, Au, As, Bi, Cd, Co, Cu, La, Mo, Ni, Pb, Pd, Pt, Sb, Sn, Th, U, W and Zn.
	<i>For geophysical tools, spectrometers, handheld XRF instruments, etc, the parameters used in determining the analysis including instrument make and model, reading times, calibrations factors applied and their derivation, etc.</i>	No geophysical tools were used to estimate mineral or element percentages.
	<i>Nature of quality control procedures adopted (eg standards, blanks, duplicates, external laboratory checks) and whether acceptable levels of accuracy (ie lack of bias) and precision have been established.</i>	In addition to MGW standards, duplicates and blanks, Genalysis incorporate laboratory QAQC including standards, blanks and repeats as a standard procedure. Certified reference materials that are relevant to the type and style of mineralisation targeted are inserted at regular intervals.
Verification of sampling and assaying	<i>The verification of significant intersections by either independent or alternative company personnel.</i>	At least two company representatives verify significant intersections including either, the Managing Director, Exploration Manager, Principal Geologist or Senior Geologist.
	<i>The use of twinned holes.</i>	No twin holes have yet been drilled by MGW.
	<i>Documentation of primary data, data entry procedures, data verification, data storage (physical and electronic) protocols.</i>	Primary data is collected using a standard set of Excel templates on a Toughbook laptop computer using lookup codes. Geological sample logging was undertaken on one metre intervals for aircore drilling with colour, structure, alteration and lithology recorded for each interval. Data is verified before loading to a CSA Global database. Geological logging of all samples was undertaken.
	<i>Discuss any adjustment to assay data.</i>	No adjustments or calibrations were made to any assay data reported by MGW.
Location of data points	<i>Accuracy and quality of surveys used to locate drill holes (collar and down-hole surveys), trenches, mine workings and other locations used in Mineral Resource estimation.</i>	All maps and locations are in UTM grid (GDA94 Z53) and have been measured by hand-held GPS with an accuracy of ± 4 metres. Down hole surveys were taken at nominal 30m intervals using a digital down hole camera.
	<i>Specification of the grid system used.</i>	Drill hole co-ordinates are in UTM grid (GDA94 Z53)
	<i>Quality and adequacy of topographic control.</i>	Drill hole RL's are approximate using hand held GPS.
Data spacing and distribution	<i>Data spacing for reporting of Exploration Results.</i>	Variable drill hole spacings are used to adequately test targets.
	<i>Whether the data spacing and distribution is sufficient to establish the degree of geological and grade continuity appropriate for the Mineral Resource and Ore Reserve</i>	The mineralisation has not yet been demonstrated to have sufficient continuity to support the definition of Mineral Resource and Reserves under the classification

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	<i>estimation procedure(s) and classifications applied.</i>	applied under the 2012 JORC Code.
	<i>Whether sample compositing has been applied.</i>	No sample compositing has been undertaken on diamond core or soil samples.
<i>Orientation of data in relation to geological structure</i>	<i>Whether the orientation of sampling achieves unbiased sampling of possible structures and the extent to which this is known, considering the deposit type.</i>	The precise dip and strike of the mineralisation is not yet known and it is unclear at this stage whether any sampling has a set bias.
	<i>If the relationship between the drilling orientation and the orientation of key mineralised structures is considered to have introduced a sampling bias, this should be assessed and reported if material.</i>	No orientation based sampling bias is known at this time.
<i>Sample security</i>	<i>The measures taken to ensure sample security.</i>	Chain of custody is managed by MGCV. Drill samples are stored on site and transported to Intertek Genalysis in Wingfield, South Australia by a licenced reputable transport company. When at Genalysis samples are stored in a locked yard before being processed and tracked through preparation and analysis using the Lab Track system. Soil Samples are collected in individually numbered paper packets and packed into card board boxes for transport. MGCV staff deliver samples to Intertek Adelaide for dispatch to Intertek laboratory in Perth.
<i>Audits or reviews</i>	<i>The results of any audits or reviews of sampling techniques and data.</i>	No external audits or reviews of modeling techniques and data have been undertaken.

Section 2 Reporting of Exploration Results

Criteria	Explanation	Commentary
<i>Mineral tenement and land tenure status</i>	<i>Type, reference name/number, location and ownership including agreements or material issues with third parties such as joint ventures, partnerships, overriding royalties, native title interests, historical sites, wilderness or national park and environmental settings.</i>	All diamond drilling and soil sampling has been within joint venture tenement EL5039 and EL4813 within the Menninnie Dam Project area. MGCV is earning an initial 51% interest in the project with TZN. The current targets being drilled on EL5039 and soil samples are within the Nonning Pastoral Lease. A Part B Agreement has been signed with the Gawler Ranges Native Title Group and current exploration areas cleared for exploration activities.
	<i>The security of the tenure held at the time of reporting along with any known impediments to obtaining a licence to operate in the area.</i>	The tenements are in good standing and no known impediments exist.
<i>Exploration done by other parties</i>	<i>Acknowledgment and appraisal of exploration by other parties.</i>	Some historical drilling has been undertaken in different areas on the tenements by MGCV and third parties but none is directly relevant to the current targets. Some previous broader based (400m x 400m) soil sampling has been done by MGCV at the Frakes Target.
<i>Geology</i>	<i>Deposit type, geological setting and style of mineralisation.</i>	Geology comprises Proterozoic metasediments that have been intruded by Hiltaba-suite granitoids and overlain by lower sequences of the Gawler Range Volcanics. Musgrave is exploring for multi commodity style deposits consistent with an interpreted porphyry-epithermal type model.
<i>Drill hole Information</i>	<i>A summary of all information material to the understanding of the exploration results including a tabulation of the following information for all Material drill holes:</i> <ul style="list-style-type: none"><i>• easting and northing of the drill hole collar</i><i>• elevation or RL (Reduced Level – elevation above sea level in metres) of the drill hole collar</i>	A summary of drill collars and other drill hole information is presented in appendix 1.

Quarterly Activities Report for the period ended 30 June 2014

	<ul style="list-style-type: none"> dip and azimuth of the hole down hole length and interception depth hole length. 	
Data aggregation methods	In reporting Exploration Results, weighting averaging techniques, maximum and/or minimum grade truncations (eg cutting of high grades) and cut-off grades are usually Material and should be stated.	Cut off grades used for the reported drilling intervals in Appendix 1 are: >10ppm Ag or 0.4% Pb or 0.4% Zn or 0.4% Cu or 0.2ppm Au. No cut off was used for soil samples.
	Where aggregate intercepts incorporate short lengths of high grade results and longer lengths of low grade results, the procedure used for such aggregation should be stated and some typical examples of such aggregations should be shown in detail.	All drill hole intervals recorded in Appendix 1 are >10ppm Ag or 0.4% Pb or 0.4% Zn or 0.4% Cu or 0.2ppm Au and contain no more than 1m of internal dilution.
	The assumptions used for any reporting of metal equivalent values should be clearly stated.	No metal equivalent values are currently used for reporting of exploration results.
Relationship between mineralisation widths and intercept lengths	<p>These relationships are particularly important in the reporting of Exploration Results.</p> <p>If the geometry of the mineralisation with respect to the drill hole angle is known, its nature should be reported.</p> <p>If it is not known and only the down hole lengths are reported, there should be a clear statement to this effect (eg 'down hole length, true width not known').</p>	An accurate dip and strike and the controls on mineralisation are yet to be determined and the true widths of the intercepts are not yet known.
Diagrams	Appropriate maps and sections (with scales) and tabulations of intercepts should be included for any significant discovery being reported. These should include, but not be limited to a plan view of drill hole collar locations and appropriate sectional views.	Refer to figures and Appendix 1 in body of this announcement.
Balanced reporting	Where comprehensive reporting of all Exploration Results is not practicable, representative reporting of both low and high grades and/or widths should be practiced to avoid misleading reporting of Exploration Results.	All drill holes are shown in Appendix 1 and all significant results are reported. A total of 48 soil samples including duplicates were analysed. A peak value of 407.3ppb silver was received.
Other substantive exploration data	Other exploration data, if meaningful and material, should be reported including (but not limited to): geological observations; geophysical survey results; geochemical survey results; bulk samples – size and method of treatment; metallurgical test results; bulk density, groundwater, geotechnical and rock characteristics; potential deleterious or contaminating substances.	All material results from geochemical and geophysical surveys and drilling related to these prospects have previously been reported.
Further work	The nature and scale of planned further work (eg tests for lateral extensions or depth extensions or large-scale step-out drilling).	A range of exploration techniques are being considered to progress exploration including additional drilling.
	Diagrams clearly highlighting the areas of possible extensions, including the main geological interpretations and future drilling areas, provided this information is not commercially sensitive.	Refer to figures in the body of this announcement.

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, 01/05/2013

Name of entity

MUSGRAVE MINERALS LTD

ABN

12 143 890 671

Quarter ended ("current quarter")

30 June 2014

Consolidated statement of cash flows

Cash flows related to operating activities		Current quarter \$A'000	Year to date (twelve months) \$A'000
1.1	Receipts from product sales and related debtors	-	
1.2	Payments for (a) exploration & evaluation (b) development (c) production (d) administration	(714) (231)	(3,033) (1,108)
1.3	Dividends received		
1.4	Interest and other items of a similar nature received	83	306
1.5	Interest and other costs of finance paid	-	(3)
1.6	Income taxes paid	-	-
1.7	Other (R&D Tax Offset)	489	489
	Net Operating Cash Flows	(373)	(3,349)
Cash flows related to investing activities			
1.8	Payment for purchases of: (a) prospects (b) equity investments (c) other fixed assets	(12)	(33)
1.9	Proceeds from sale of: (a) prospects (b) equity investments (c) other fixed assets		
1.10	Loans to other entities		
1.11	Loans repaid by other entities		
1.12	Other (provide details if material)		
	Net investing cash flows	(12)	(33)
1.13	Total operating and investing cash flows (carried forward)	(385)	(3,382)

+ See chapter 19 for defined terms.

Appendix 5B

Mining exploration entity and oil and gas exploration entity quarterly report

1.13	Total operating and investing cash flows (brought forward)	(385)	(3,382)
1.14	Cash flows related to financing activities		
1.14	Proceeds from issues of shares, options, etc.		
1.15	Proceeds from sale of forfeited shares		
1.16	Proceeds from borrowings		
1.17	Repayment of borrowings	(10)	(47)
1.18	Dividends paid		
1.19	Other (provide details if material)		
	Net financing cash flows	(10)	(47)
	Net increase (decrease) in cash held	(395)	(3,429)
1.20	Cash at beginning of quarter/year to date	6,532	9,566
1.21	Exchange rate adjustments to item 1.20	-	-
1.22	Cash at end of quarter	6,137	6,137

Payments to directors of the entity, associates of the directors, related entities of the entity and associates of the related entities

		Current quarter \$A'000
1.23	Aggregate amount of payments to the parties included in item 1.2	112
1.24	Aggregate amount of loans to the parties included in item 1.10	

1.25 Explanation necessary for an understanding of the transactions

Directors' fees, salary payments and superannuation.

Non-cash financing and investing activities

2.1 Details of financing and investing transactions which have had a material effect on consolidated assets and liabilities but did not involve cash flows

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+ See chapter 19 for defined terms.

Appendix 5B

Mining exploration entity and oil and gas exploration entity quarterly report

- 2.2 Details of outlays made by other entities to establish or increase their share in projects in which the reporting entity has an interest

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Financing facilities available

Add notes as necessary for an understanding of the position.

	Amount available \$A'000	Amount used \$A'000
3.1 Loan facilities	-	-
3.2 Credit standby arrangements	-	-

Estimated cash outflows for next quarter

	\$A'000
4.1 Exploration and evaluation	693
4.2 Development	-
4.3 Production	-
4.4 Administration	218
Total	911

Reconciliation of cash

Reconciliation of cash at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts is as follows.	Current quarter \$A'000	Previous quarter \$A'000
5.1 Cash on hand and at bank	827	479
5.2 Deposits at call	5,310	6,053
5.3 Bank overdraft		
5.4 Other (provide details)		
Total: cash at end of quarter (item 1.22)	6,137	6,532

+ See chapter 19 for defined terms.

Appendix 5B

Mining exploration entity and oil and gas exploration entity quarterly report

Changes in interests in mining tenements and petroleum tenements

	Tenement reference and location	Nature of interest (note (2))	Interest at beginning of quarter	Interest at end of quarter
6.1	Interests in mining tenements and petroleum tenements relinquished, reduced or lapsed			
6.2	Interests in mining tenements and petroleum tenements acquired or increased			

Issued and quoted securities at end of current quarter

Description includes rate of interest and any redemption or conversion rights together with prices and dates.

	Total number	Number quoted	Issue price per security (see note 3) (cents)	Amount paid up per security (see note 3) (cents)
7.1	Preference securities (description)			
7.2	Changes during quarter (a) Increases through issues (b) Decreases through returns of capital, buy-backs, redemptions			
7.3	*Ordinary securities	121,000,000	121,000,000	Fully Paid
7.4	Changes during quarter (a) Increases through issues (b) Decreases through returns of capital, buy-backs			
7.5	*Convertible debt securities (description)			

+ See chapter 19 for defined terms.

Appendix 5B

Mining exploration entity and oil and gas exploration entity quarterly report

7.6	Changes during quarter (a) Increases through issues (b) Decreases through securities matured, converted				
7.7	Options (description and conversion factor)			<u>Exercise Price</u>	<u>Expiry Date</u>
	4,750,000			\$0.36	17/02/16
	2,500,000			\$0.50	17/02/16
	7,750,000			\$0.25	19/04/16
	500,000			\$0.36	08/05/16
	375,000			\$0.25	23/01/17
	500,000			\$0.25	05/03/18
	75,000			\$0.25	24/03/18
	575,000			\$0.12	10/03/19
7.8	Issued during quarter				
7.9	Exercised during quarter				
7.10	Expired during quarter				
7.11	Debentures (totals only)				
7.12	Unsecured notes (totals only)				

Compliance statement

- This statement has been prepared under accounting policies which comply with accounting standards as defined in the Corporations Act or other standards acceptable to ASX (see note 5).
- This statement does give a true and fair view of the matters disclosed.

Sign here:

Donald Stephens

Date: 28 July 2014

Print name: Donald Stephens
(Company Secretary)

+ See chapter 19 for defined terms.

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 wanting to disclose additional information is encouraged to do so, in a note or notes attached to this report.
- 2 The "Nature of interest" (items 6.1 and 6.2) includes options in respect of interests in mining tenements and petroleum tenements acquired, exercised or lapsed during the reporting period. If the entity is involved in a joint venture agreement and there are conditions precedent which will change its percentage interest in a mining tenement or petroleum tenement, it should disclose the change of percentage interest and conditions precedent in the list required for items 6.1 and 6.2.
- 3 **Issued and quoted securities** The issue price and amount paid up is not required in items 7.1 and 7.3 for fully paid securities.
- 4 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.
- 5 **Accounting Standards** ASX will accept, for example, the use of International Financial Reporting Standards for foreign entities. If the standards used do not address a topic, the Australian standard on that topic (if any) must be complied with.

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