



ASX RELEASE

30 August 2016

ASX: MGV

Gold Drilling Re-Commences at Break of Day

- An RC drilling program comprising up to 30 holes for 4,000m has commenced at Break of Day
- Drilling will focus on extending the high grade gold mineralisation including previous intersections of:
 - 6m @ 12.8g/t Au from 155m down hole in 16MORC004;
 - 4m @ 12.3g/t Au from 189m down hole in 16MORC012;
 - 2m @ 25.2g/t Au from 96m down hole in 16MORC001; and
 - 2m @ 36.8g/t Au from 102m down hole in 16MORC006

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 prospect on the Cue project in the Murchison region of Western Australia (*Figure 1*).

The RC drilling program will consist of approximately 30 drill holes for 4,000m and take approximately 3 weeks to complete. First assay results are expected from late September.

Two sub-parallel high grade gold veins have been identified at Break of Day with the hanging-wall vein extending over a strike length of 360 metres and only drill tested to a depth of approximately 80 vertical metres to date. The high grade footwall vein has been traced over a strike extent of 80 metres and is open to the north and down dip and has only been shallowly drill tested to date.

The drilling will focus on possible extensions to the existing high grade gold mineralisation in both the footwall and hanging-wall veins at Break of Day.

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

Break of Day

Follow-up RC drilling is planned to test the lateral and dip continuity of the high grade gold mineralisation intersected in both the footwall and hanging-wall veins at Break of Day (Figure 1).

Previous footwall drill hole intersections include:

- 2m @ 36.8g/t Au from 101m down hole in 16MORC006;
- 2m @ 22.0g/t Au from 137m down hole in 16MORC001;
- 6m @ 12.8g/t Au from 96m down hole in 16MORC004; and
- 4m @ 12.3g/t Au from 189m down hole in 16MORC012

Previous hanging-wall drill hole intersections include:

- 3m @ 23.0g/t Au from 85m down hole in 11MORC063;
- 2m @ 25.2g/t Au from 96m down hole in 16MORC001;
- 2m @ 12.5g/t Au from 101m down hole in 16MORC022; and
- 1m @ 33.5g/t Au from 80m down hole in 16MORC0017.

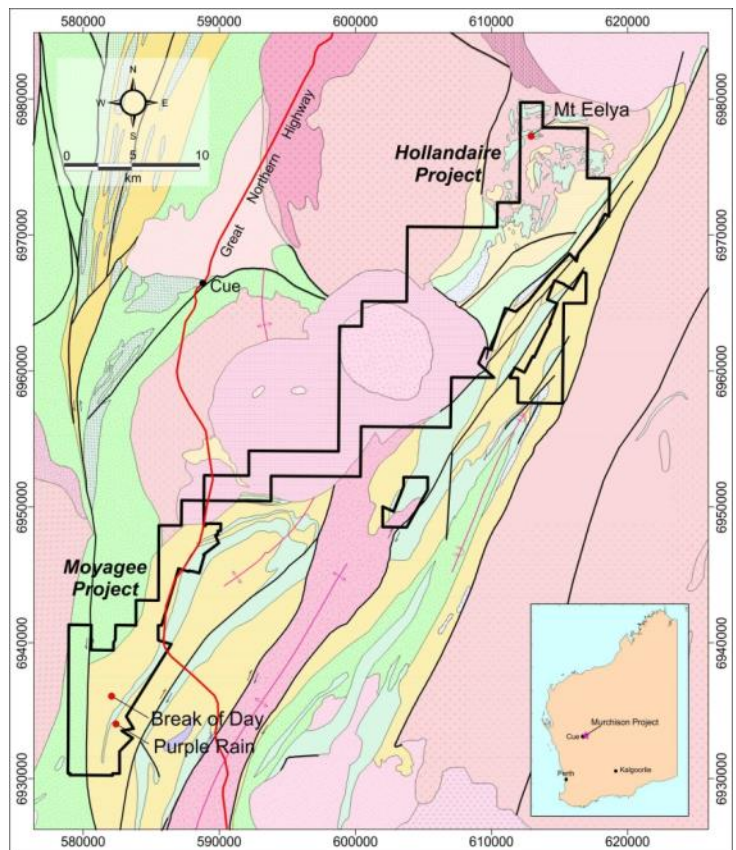


Figure 1: Cue project location plan showing Break of Day

(see ASX announcements 13 April 2016, "High Grade Gold at Break of Day"; 6 June 2016, "More High Grade Gold at Break of Day" and 18 August 2016, "Gold Continues at Break of Day").

The gold mineralisation has the potential to extend over a strike length of more than 360 metres and is open to the north and down dip. 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.

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 Holladaire 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.