ASX RELEASE 11 February 2016

ASX: MGV

Musgrave Commences Gold Drilling at Cue

- **An RC drilling program comprising up to 13 holes for 1,500m has commenced at the Cue Project**
- **Drilling will focus on extensional and new gold targets with the aim of increasing high grade gold resources**
- **A number of high priority gold-copper targets will also be tested**

Musgrave Minerals Ltd ("Musgrave" or "the Company") (ASX: MGV) is pleased to announce the commencement of reverse circulation (RC) drilling on four gold targets and two gold-copper targets at the Cue Project (Figure 1). 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 (Table 1) and surrounding tenure in the highly prospective Murchison province of Western Australia. There is significant potential to discover new mineralisation within the project area.

The drilling will focus on possible extensions to the known gold mineralisation at Break of Day and Leviticus within the Moyagee area that hosts Inferred Mineral Resources of 1.96Mt grading 2.0g/t Au (Table 1). New targets will also be tested at Vostok and Hunky Dory (Figure 2 & 3).

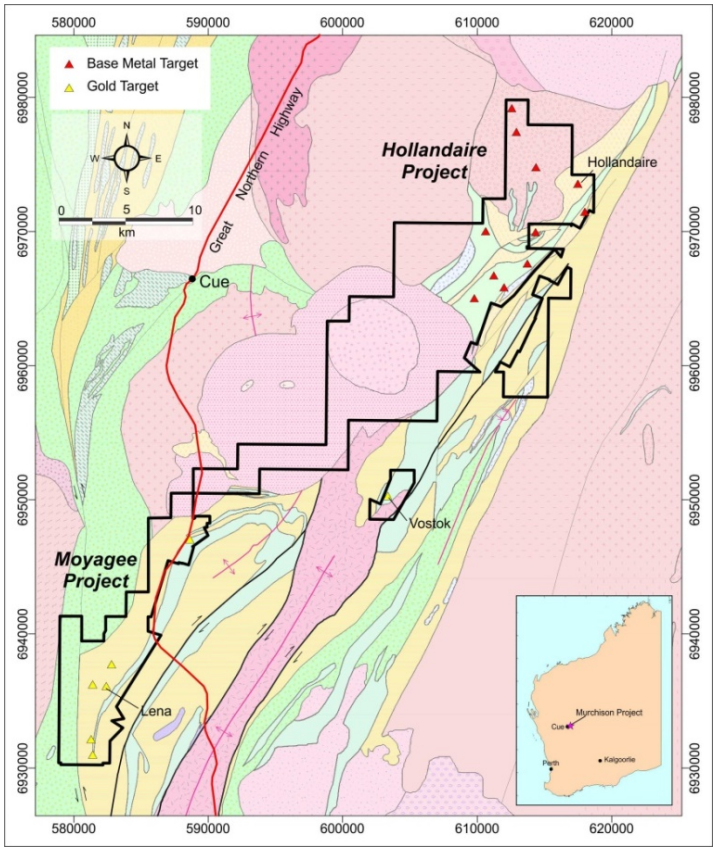

Figure 1: Cue project location plan comprising Hollandaire and Moyagee projects

The integration of the recently acquired

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Geotech Versatile Time-Domain Electromagnetic (VTEM max) geophysical survey data over the broader Hollandaire project area with the existing aeromagnetic, geochemical and drilling data has identified a number of very exciting new (Figure 2 & 3) base metal and gold targets. Hunky Dory is an untested conductive VTEM target with over a kilometre of potential strike identified down dip of historical pyrite associated gold mineralisation.

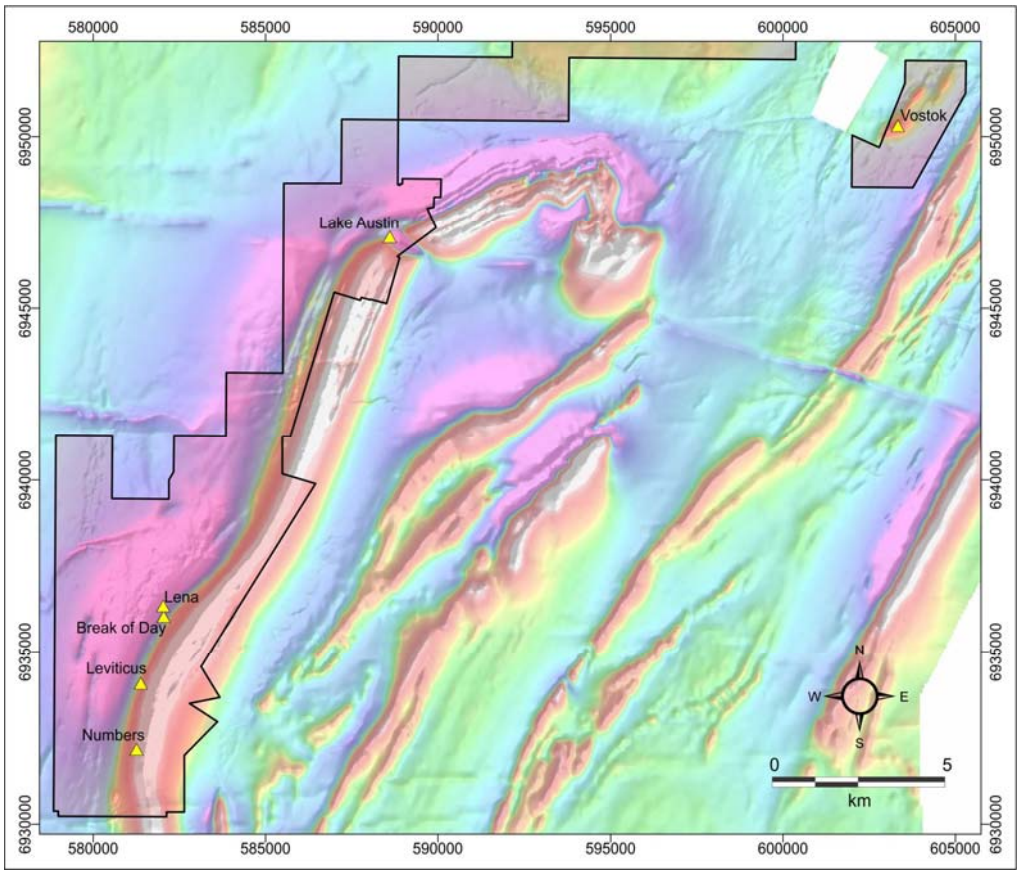

Figure 2: Priority gold targets on aeromagnetic image for Moyagee area

A total of up to 13 drill holes for approximately 1,500 metres of RC drilling is planned. The drilling program will take up to two weeks to complete with assay results expected in late March.

Commenting on the drilling Musgrave Managing Director, Rob Waugh said, "The Cue project presents a new and exciting opportunity for Musgrave to extend existing resources and discover new economic mineralisation that could underpin a profitable near term development scenario. This initial drill program will test extensions to existing gold resources at Moyagee and also test a number of new gold and copper targets in the broader Hollandaire 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.

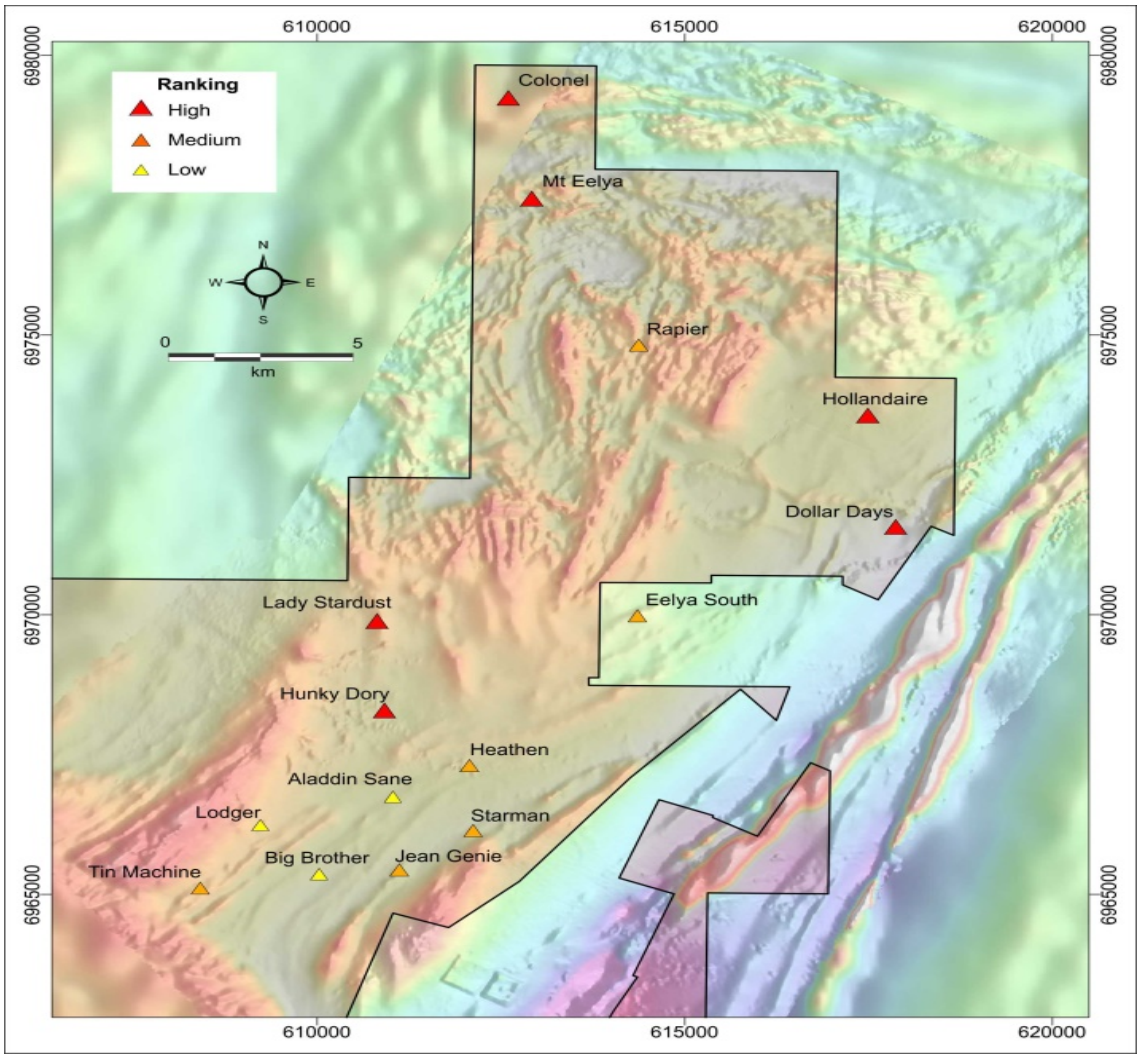

Figure 3: Priority gold-copper targets on aeromagnetic image for Hollandaire area

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.

Competent Person's Statement

Mineral Resources and Ore Reserves

The information in this report that relates to Mineral Resources or Ore Reserves that relate to the Hollandaire deposit based on information compiled by Mr Matthew Karl, a Competent Person who is a Member of the Australasian Institute of Mining and Metallurgy (AusIMM). Mr Karl is a full-time employee of Silver Lake Resources Limited. Mr Karl 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 Karl consents to the inclusion in the report of the matters based on his information in the form and context in which it appears.

All other information in this report that relates to Mineral Resources or Ore Reserves is based on information compiled and/or thoroughly reviewed by Mr Antony Shepherd, a Competent Person who is a Member of the Australasian Institute of Mining and Metallurgy (AusIMM). Mr Shepherd is a full-time employee of Silver Lake Resources Limited. Mr Shepherd 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 Shepherd consents to the inclusion in the report of the matters based on his information in the form and context in which it appears.

Table 1. Summary of JORC Resources and Reserves for the Project

Resources

Gold Mineral Resources as at 30 June 2015

30 June 2015	Indicated Resources			Inferred Resources			Total Resources		
Deposit	**Ore tonnes '000s**	**Au Grade g/t**	**Total oz. Au '000s**	**Ore tonnes '000s**	**Au Grade g/t**	**Total oz. Au '000s**	**Ore tonnes '000s**	**Au Grade g/t**	**Total oz. Au '000s**
Moyagee									
Lena	433.4	2.0	27.6	839.3	1.8	48.6	1,272.7	1.86	76.2
Leviticus				42.2	6.0	8.1	42.2	6.00	8.1
Numbers				278.0	2.5	22.0	278.0	2.46	22.0
Break of Day				335.7	1.9	20.6	335.7	1.91	20.6
Total Moyagee	**433.4**	**2.0**	**27.6**	**1,495.1**	**2.1**	**99.3**	**1,928.5**	**2.05**	**126.9**
Eelya									
Hollandaire	473.0	1.4	20.9	44.6	1.1	1.6	517.6	1.35	22.5
Rapier South				171.3	2.2	11.9	171.3	2.15	11.9
Total Eelya	**473.0**	**1.4**	**20.9**	**215.9**	**1.9**	**13.4**	**688.9**	**1.55**	**34.3**

Copper Mineral Resources as at 30 June 2015

30 June 2015	Indicated Resources			Inferred Resources			Total Resources		
Deposit	**Ore tonnes '000s**	**Grade %**	**Total Tonnes Cu '000s**	**Ore tonnes '000s**	**Grade %**	**Total Tonnes Cu '000s**	**Ore tonnes '000s**	**Grade %**	**Total Tonnes Cu '000s**
Hollandaire									
Copper	1,891.3	2.0	37.1	122.4	1.4	1.7	2,013.7	1.9	38.8

Silver Mineral Resources as at 30 June 2015

30 June 2015	Indicated Resources			Inferred Resources			Total Resources		
Deposit	**Ore tonnes '000s**	**Grade g/t**	**Total oz. Ag '000s**	**Ore tonnes '000s**	**Grade g/t**	**Total oz. Ag '000s**	**Ore tonnes '000s**	**Grade g/t**	**Total oz. Ag '000s**
Hollandaire									
Silver	1,925.4	6.2	386.5	728.2	4.6	108.8	2653.6	5.8	495.3

Reserves

Copper Mineral Reserves as at 30 June 2015

30 June 2015	Proven Reserves			Probable Reserves			Total Reserves		
Deposit	**Ore tonnes '000s**	**Grade %**	**Total Tonnes Cu '000s**	**Ore tonnes '000s**	**Grade %**	**Total Tonnes Cu '000s**	**Ore tonnes '000s**	**Grade %**	**Total Tonnes Cu '000s**
Hollandaire									
Copper				441.8	3.3	14.7	441.8	3.3	14.7

Silver Mineral Reserves as at 30 June 2015

30 June 2015	Proven Reserves			Probable Reserves			Total Reserves		
Deposit	**Ore tonnes '000s**	**Grade g/t**	**Total oz. Ag '000s**	**Ore tonnes '000s**	**Grade g/t**	**Total oz. Ag '000s**	**Ore tonnes '000s**	**Grade g/t**	**Total oz. Ag '000s**
Hollandaire									
Silver				574.0	8.2	150.9	574.0	8.2	150.9

Notes to Table 1:
The Lena Mineral Resource at Moyagee is produced in accordance with the 2012 Edition of the Australian Code of Reporting of Mineral Resources and Ore Reserves (JORC 2012).

The remaining Mineral Resources and Ore Reserve estimates were first prepared and disclosed in accordance with the 2004 Edition of the Australian Code of Reporting of Mineral Resources and Ore Reserves (JORC 2004) and have not have not been updated since to comply with JORC 2012 on the basis that the information has not materially changed since it was last reported.

For further details refer to SLR ASX announcement 28 August 2015: "Mineral Resources-Ore Reserves - August 2015".

-ENDS---

JORC TABLE 1
Section 1 Sampling Techniques and Data

Criteria	Explanation	Commentary
Sampling techniques	*Nature and quality of sampling (e.g. 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.*	Sampling is undertaken using standard industry practices including the use of duplicates and standards at regular intervals. Reverse circulation (RC) and aircore samples were collected at 1m intervals with samples riffle split to 3-5kg in weight. Diamond core sampling was undertaken on geological intervals.
	Include reference to measures taken to ensure sample representivity and the appropriate calibration of any measurement tools or systems used.	Soil sample co-ordinates are in UTM grid (GDA94 Z50) and have been either surveyed or measured by hand-held GPS with an accuracy of >±5 metres.
Drilling techniques	*Drill type (e.g. core, reverse circulation, open-hole hammer, rotary air blast, auger, Bangka, sonic, etc) and details (e.g. 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).*	A combination of aircore, RC and diamond drilling has been used by multiple companies.
Drill sample recovery	*Method of recording and assessing core and chip sample recoveries and results assessed.*	Diamond core recoveries are logged and recorded in the database. RC bulk sample weights are observed and noted.
	Measures taken to maximise sample recovery and ensure representative nature of the samples.	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.
	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.	No significant sample loss or bias has been noted. Some sample loss identified in a few selected drill holes. All sample loss is recorded in database.
Logging	*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.*	All geological, structural and alteration related observations are stored in the database.
	Whether logging is qualitative or quantitative in nature. Core (or costean, channel, etc) photography.	Logging of lithology, structure, alteration, mineralisation, colour and other features of core or RC chips is undertaken on a routine 1m basis. Photography of diamond core is undertaken prior to cutting and sampling.
	The total length and percentage of the relevant intersections logged.	All drill holes are logged in full on completion.
Sub-sampling techniques and sample preparation	*If core, whether cut or sawn and whether quarter, half or all core taken.*	Diamond core is cut and sampled on geological intervals. A diamond core saw is used to cut the core and selected half core intervals are submitted for analysis.
	If non-core, whether riffled, tube sampled, rotary split, etc and whether sampled wet or dry.	RC and aircore samples are routinely riffle split if dry.
	For all sample types, the nature, quality and appropriateness of the sample preparation technique.	Drill sample preparation and base metal and precious metal analysis is undertaken by a registered laboratory. Sample preparation by dry pulverisation to 90% passing 75 micron.
	Quality control procedures adopted for all sub-sampling stages to maximise representivity of samples.	Field QC procedures involve the use of certified reference standards, duplicates and blanks at appropriate intervals.
	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.	Sampling is carried out using standard protocols and QAQC procedures as per industry best practice. Duplicate samples are inserted and routinely checked against originals.
	Whether sample sizes are appropriate to the grain size of the material being sampled.	Sample sizes are considered appropriate for grain size of sample material. Sample collected from full width of sample interval to ensure it is representative of samples lithology.
Quality of assay data and laboratory tests	*The nature, quality and appropriateness of the assaying and laboratory procedures used and whether the technique is considered partial or total.*	Drill sample analysis is undertaken by a registered laboratory, multi element analysis by acid digest and ICP-OES and ICP-MS to acceptable detection limits. Standard 40g Fire Assay analysis is undertaken for gold. Internal certified laboratory QAQC is undertaken including check samples, blanks and internal standards.

	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.	No geophysical tools were used to estimate mineral or element percentages.
	Nature of quality control procedures adopted (e.g. standards, blanks, duplicates, external laboratory checks) and whether acceptable levels of accuracy (i.e. lack of bias) and precision have been established.	Standards, duplicates, blanks, and repeats are utilised 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	*The verification of significant intersections by either independent or alternative company personnel.*	Samples are verified by the geologist before importing into the main database (Datashed).
	The use of twinned holes.	Few twin holes have been drilled.
	Documentation of primary data, data entry procedures, data verification, data storage (physical and electronic) protocols.	Primary data is collected using a standard set of templates. Geological sample logging is undertaken on one metre intervals for all RC drilling and geological intervals for diamond drilling with colour, structure, alteration and lithology recorded for each interval. Data is verified before loading to the database. Geological logging of all samples is undertaken.
	Discuss any adjustment to assay data.	No adjustments or calibrations are made to any assay data reported.
Location of data points	*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.*	All maps and locations are in UTM grid (GDA94 Z50) and have been surveyed or measured by hand-held GPS with an accuracy of >±5 metres. Down hole surveys are undertaken at nominal 30m intervals using a digital down hole camera and spear.
	Specification of the grid system used.	Drill hole co-ordinates are in UTM grid (GDA94 Z50) and commonly plotted using local grid reference.
	Quality and adequacy of topographic control.	Drill hole collars and RL's are surveyed by qualified surveyors in most instances.
Data spacing and distribution	*Data spacing for reporting of Exploration Results.*	Variable drill hole spacings are used to adequately test targets.
	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 estimation procedure(s) and classifications applied.	Existing drill hole spacings are variable and at Lena vary from 20m x 20m to 40m x 40m and to 80m x 80m at depth. The nominal drill hole spacing at Hollandaire is 25m x 25m. These spacings identify sufficient continuity to support the definition of Mineral Resource and Reserves under the classification applied under the 2012 and 2014 JORC Code.
	Whether sample compositing has been applied.	No sample compositing has been undertaken within ore zones.
Orientation of data in relation to geological structure	*Whether the orientation of sampling achieves unbiased sampling of possible structures and the extent to which this is known, considering the deposit type.*	Drilling is designed to cross the mineralisation as close to perpendicular as possible. Most drill holes are designed at a dip of approximately 60 degrees, however, the Lena mineralisation dips at ~85 degrees and the Hollandaire mineralisation dips at ~35 degrees.
	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.	No orientation based sampling bias is known at this time.
Sample security	*The measures taken to ensure sample security.*	Chain of custody is managed by internal staff. Drill samples are stored on site and transported by a licenced reputable transport company to a registered laboratory in Perth. When at the laboratory samples are stored in a locked yard before being processed and tracked through preparation and analysis.
Audits or reviews	*The results of any audits or reviews of sampling techniques and data.*	No external audits or reviews of modelling techniques and data have been undertaken.

Section 2 Reporting of Exploration Results

Criteria	*Explanation*	Commentary
Mineral tenement and land tenure status	*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.*	The primary tenement holder is Silver Lake Resources Ltd and Cue Minerals Pty Ltd (a wholly owned subsidiary of Silver Lake Resources Ltd). Musgrave minerals commenced a Farm-In and Joint Venture on the project on 24 November 2015 (see MGV ASX announcement 25 November 2015: "Musgrave Secures Advanced Gold and Copper Project". All drilling and soil sampling is within the Cue project tenements (Lena is M21/106 and Hollandaire E20/699) as outlined in the Farm-In and Joint Venture Agreement. The tenements are subject to standard Native Title heritage agreements and state royalties. Third party royalties are present on some individual tenements.
	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.	The tenements are in good standing and no known impediments exist.
Exploration done by other parties	*Acknowledgment and appraisal of exploration by other parties.*	Historical drilling, soil sampling and geophysical surveys have been undertaken in different areas on the tenements by third parties.
Geology	*Deposit type, geological setting and style of mineralisation.*	Geology comprises typical Archaean Yilgarn greenstone belt lithologies and granitic intrusives. Two main styles of mineralisation are present, typical Yilgarn Archaean lode gold and volcanic massive sulphide (VMS) base metal and gold mineralisation.
Drill hole Information	*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: easting and northing of the drill hole collar elevation or RL (Reduced Level – elevation above sea level in metres) of the drill hole collar dip and azimuth of the hole down hole length and interception depth hole length.*	All drill hole information has previously been reported.
Data aggregation methods	*In reporting Exploration Results, weighting averaging techniques, maximum and/or minimum grade truncations (e.g. cutting of high grades) and cut-off grades are usually Material and should be stated.*	No new exploration data is reported in this release.
	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.	No new exploration results are reported in this release.
	The assumptions used for any reporting of metal equivalent values should be clearly stated.	No new exploration data is reported in this release.
Relationship between mineralisation widths and intercept lengths	*These relationships are particularly important in the reporting of Exploration Results. If the geometry of the mineralisation with respect to the drill hole angle is known, its nature should be reported. If it is not known and only the down hole lengths are reported, there should be a clear statement to this effect (e.g. 'down hole length, true width not known').*	No new exploration data is reported in this release.
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.*	No new exploration data is reported in this release. Some diagrams referencing historical data can be found in the body of this report.
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.*	No new exploration data is reported in this release.
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.*	Musgrave acquired airborne VTEM Max geophysical data at 200m line spacing over the northern portion of the tenement package. All material results from geochemical and geophysical surveys and drilling related to these prospects has been reported or disclosed previously.
Further work	*The nature and scale of planned further work (e.g. tests for lateral extensions or depth extensions or large-scale step-out drilling).*	A range of exploration techniques will be 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.