



ASX RELEASE

30 January 2017

ASX: MGV

Diamond Drilling Confirms High Grade Gold at Break of Day & Extends High Grade Gold at Lena

- **Diamond drilling has confirmed and extended the high grade gold mineralisation at Break of Day, significant results include:**
 - **3.2m @ 26.6g/t Au from 238.5m (16MODD002),**
 - **4.0m @ 9.6g/t Au from 231.0m (16MODD003) and**
 - **6.6m @ 7.3g/t Au from 127.35m (16MODD001)**
- **Two of the deeper drill holes completed at Break of Day were collared to also test the Lena deposit and intersected significant gold mineralisation below existing shallow oxide drilling, including:**
 - **3.3m @ 19.4g/t Au from 61.7m (16MODD003) and**
 - **7.0m @ 3.0g/t Au from 34.0m (16MODD002B) in an RC pre-collar drill hole**
- **The Lena mineralisation in 16MODD003 is approximately 150m west of Break of Day**
- **These intersections extend the Lena mineralisation which remains open at depth**
- **Initial metallurgical test work has commenced at Break of Day to establish gold recoveries**
- **Further extensional and infill resource drilling is currently being planned at Break of Day and Lena and is expected to commence in March 2017**

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Musgrave Minerals Ltd (“Musgrave” or “the Company”) (ASX: MGV) is pleased to report further strong assay results from its initial diamond drilling program at both Break of Day and Lena on the Moyagee Project within the Cue Joint Venture in the Murchison region of Western Australia.

At Break of Day, the results from this initial diamond drilling program confirms and extends the high grade gold mineralisation that has been intersected in reverse circulation (“RC”) drilling to date. The results, provided in Table 1 and summarised below, are a positive step for the Company as drilling continues to enhance the mineral resource potential at Break of Day. The geological model for Break of Day suggests that the potential of further gold mineralisation being discovered is strong as the mineralisation remains open at depth.

Metallurgical test work has commenced at Break of Day to establish potential gold recoveries and parameters for resource estimation and further studies. Significantly, the diamond drilling confirmed the coarse grained high grade nature of the Break of Day gold mineralisation (Figure 1). Results of the metallurgical tests are expected in the June quarter to align with the resource estimation.

The high grade drilling results from the two drill holes collared at the southern end of the Lena gold deposit, 150m west of Break of Day, indicate that the gold mineralisation continues below the current shallow oxide resource estimate and may indicate an increase in grade at depth. This drilling, particularly drill hole 16MODD003 which intersected 3.3m @ 19.4g/t Au from 61.7 metres down hole with visible gold in core, highlights the potential to increase the existing shallow resource at Lena.

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

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

Musgrave Managing Director Rob Waugh said, “*This is another very good set of results from Break of Day. The diamond drilling has confirmed our interpretation of the geology and high grade coarse nature of the gold mineralisation. In addition the shallow high grade gold mineralisation intersected at Lena is another positive and opens up the potential for another high grade gold lode.*”



BREAK OF DAY

A total of seven diamond drill holes, some with RC pre-collars were completed for over 1,809 metres as part of the recent diamond drilling program at the Break of Day Prospect. Assay results have been received for all 7 drill holes. The assay results are shown in Table 1.

Drill hole 16MODD002 intersected **3.2m @ 26.6g/t Au** (uncut) from 238.5m down hole including **1.1m @ 63.1g/t Au** from 239.5m down hole (*Figures 1, 2, 3 and 5*) with visible free gold. The intersection is approximately 50m down dip of the previous deepest drill hole 16MORC052, 2.0m @ 41.5g/t Au from 190m down hole; (see ASX announcement 9 November 2016, “*Exceptional Results Continue at Break of Day*”) in the projected position of the Twilight Lode. The mineralisation is open at depth. 16MODD002 also intersected **1.0m @ 7.2g/t Au** from 253.0m down hole in the projected position of the Middle Lode.

Drill hole 16MODD001 intersected **6.6m @ 7.3g/t Au** (uncut) from 127.35m down hole including **0.65m @ 23.8g/t Au** from 127.35m down hole (*Figure 2, 3 and 5*) and **0.85m @ 37.5g/t Au** from 133.1m down hole with visible free gold. The intersection is approximately 5m down dip of drill hole 16MORC043, 5.0m @ 53.5g/t Au from 138m down hole (see ASX announcement 18 October 2016, “*More Strong Gold Results at Break of Day*”) in the projected position of the Twilight Lode. This grade variability is typical of coarse grained high grade Yilgarn gold deposits.

Drill hole 16MODD003 intersected **4.0m @ 9.6g/t Au** (uncut) from 231.0m down hole including **0.5m @ 63.7g/t Au** from 231.93m down hole (*Figure 6*) with visible free gold.

The diamond drilling confirms the coarse grained high grade nature of the Break of Day gold.

The mineralisation at Break of Day is confirmed to occur in vertical to steep westerly dipping, semi-parallel quartz lodes hosting high grade gold with minor (1-2%) pyrite, within a basaltic stratigraphic sequence. The separation of the Twilight, Middle and Velvet gold lodes is varying along strike from 15 to 60 metres. The gold mineralisation is currently open along strike (*Figure 1*) and down plunge (*Figure 2 and 3*).

Sampling of diamond core was undertaken on geological intervals within visible quartz lodes and specific gravity (density) measurements were collected for future resource estimation.

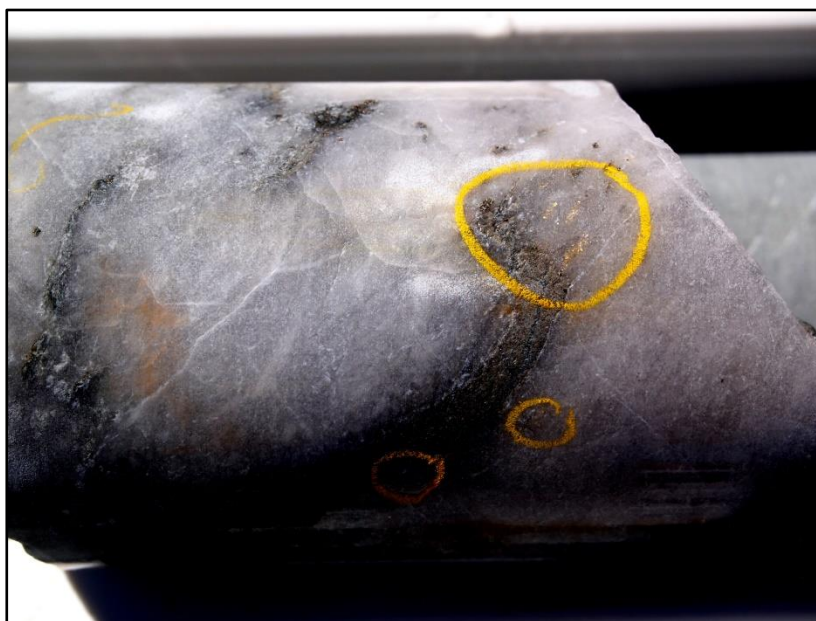


Figure 1: Drill core photograph of visible gold in quartz vein in diamond drill hole 16MODD002 from 239.8m down hole (1.1m @ 63.1g/t Au from 239.5m) in the Twilight Lode at Break of Day

LENA

Two of the deeper drill holes at Break of Day were collared to also test the shallow gold mineralisation at Lena (Figure 2) with drill hole 16MODD003 intersecting **3.3m @ 19.4g/t Au** (uncut) from 61.7m down hole including **0.5m @ 97.0g/t Au** from 64.5m with visible free gold (Figure 6). The intersection is approximately 25m down dip of the previous deepest drill hole intersection on this cross section (11MORC034, 7m @ 2.1g/t Au from 29m down hole) in the projected position of the Lena mineralisation (Figure 6). The mineralisation is open at depth.

Drill hole 16MODD002B intersected **7m @ 3.0g/t Au** from 34m down hole including **1m @ 10.7g/t Au** from 36m and 16MODD002 intersected **4m @ 1.8g/t Au** from 39m down hole confirming the shallow Lena mineralisation. The mineralisation is open at depth with historical drill hole 10MORC037 terminating at 76m in mineralisation (1m @ 1.3g/t Au at end of hole) (Figure 5).

There is significant potential to extend and increase the gold resource at Lena with further drilling. Additional shallow drilling is currently being planned at Lena to extend and grow the existing resource.

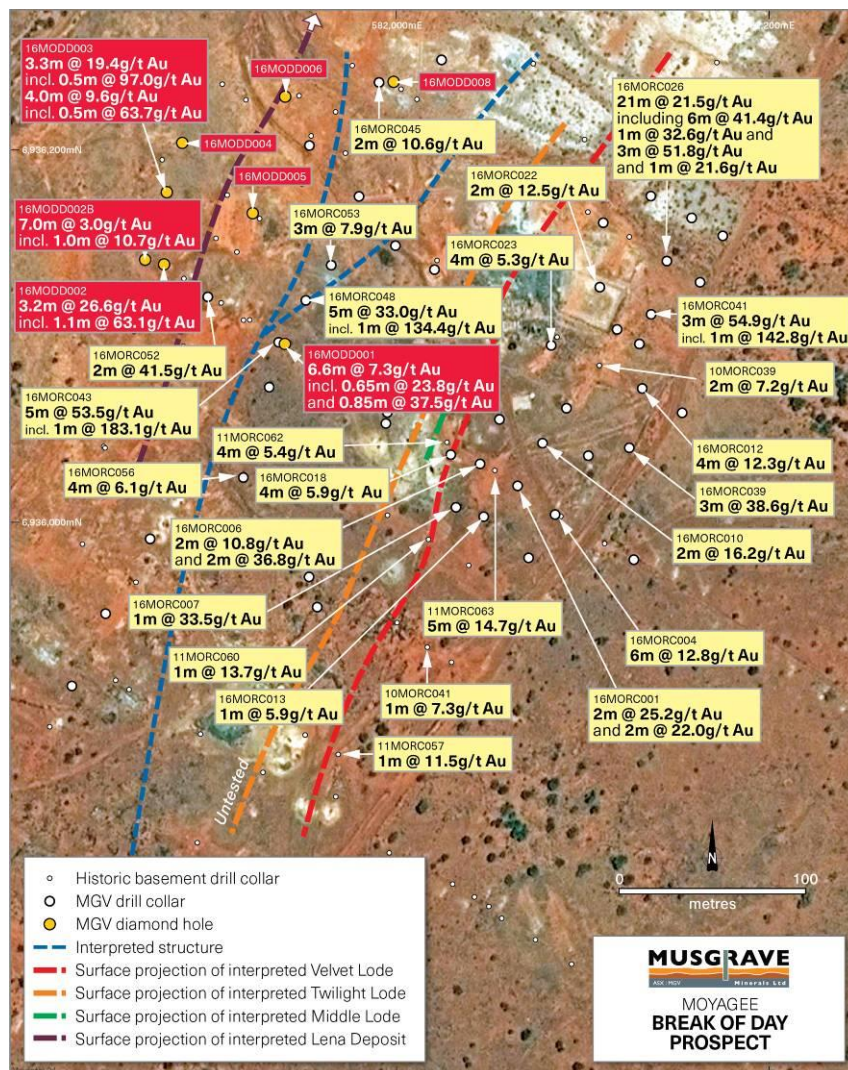


Figure 2: Surface plan of Break of Day drill hole collar locations showing projected surface trace of mineralisation and high grade intersections

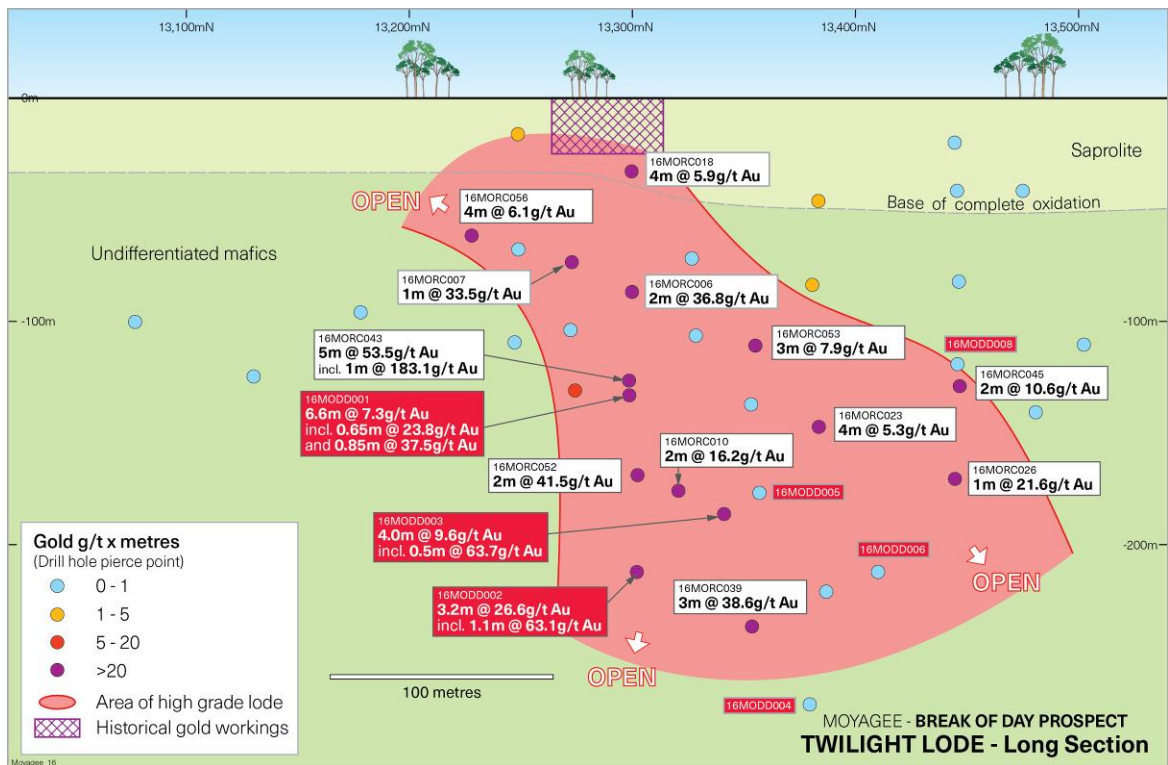


Figure 3: Break of Day long section of Twilight gold lode (a long section or longitudinal section is a section along the plane of the lode and in this instance shows gold grade x thickness variability with depth of the Twilight Lode)

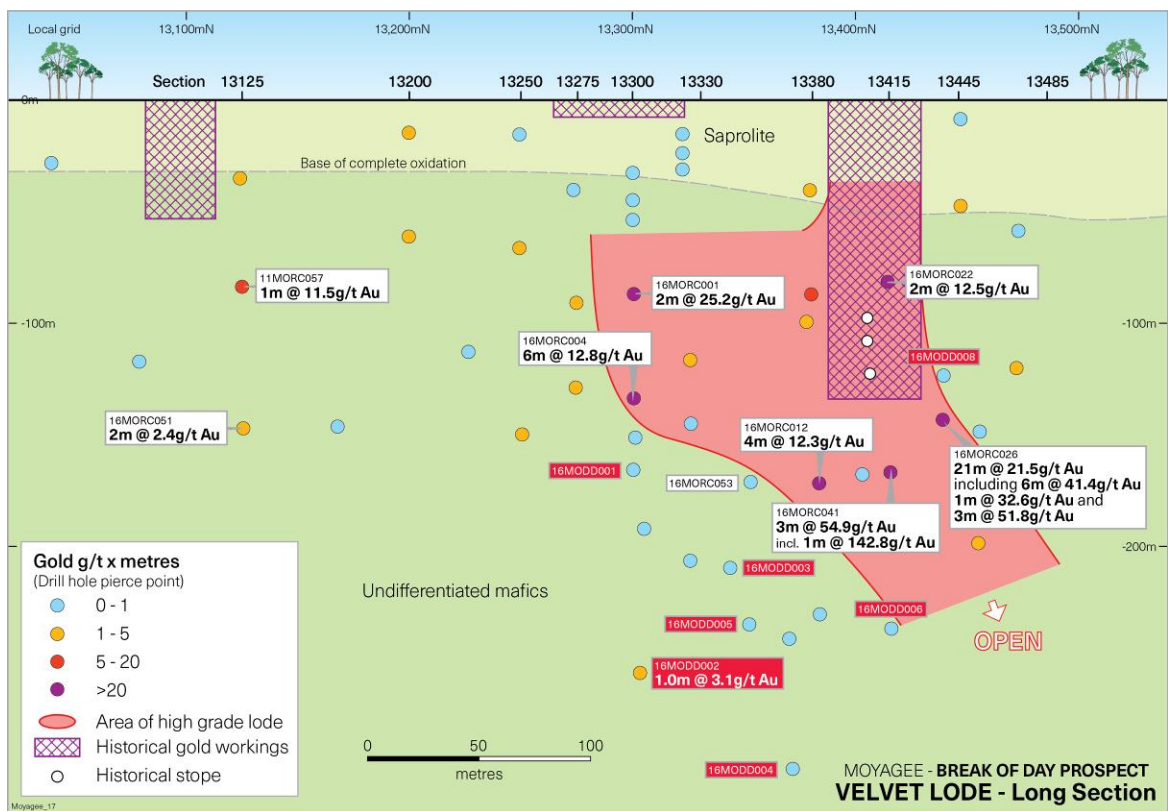


Figure 4: Break of Day long section of the Velvet gold lode (a long section or longitudinal section is a section along the plane of the lode and in this instance shows gold grade x thickness variability with depth of the Velvet Lode)



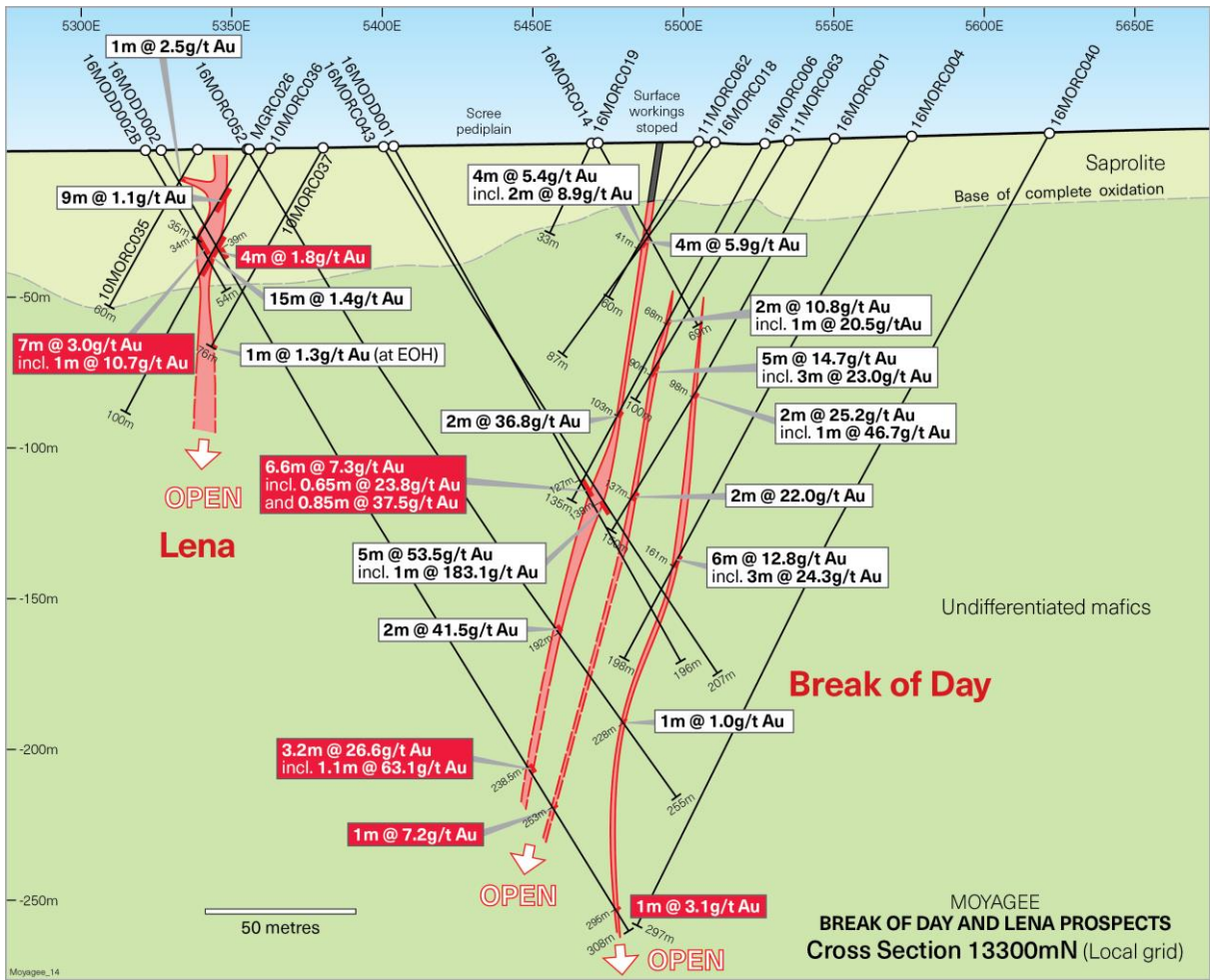


Figure 5: Break of Day and Lena cross section 13300mN - local grid (vertical section through mineralisation)

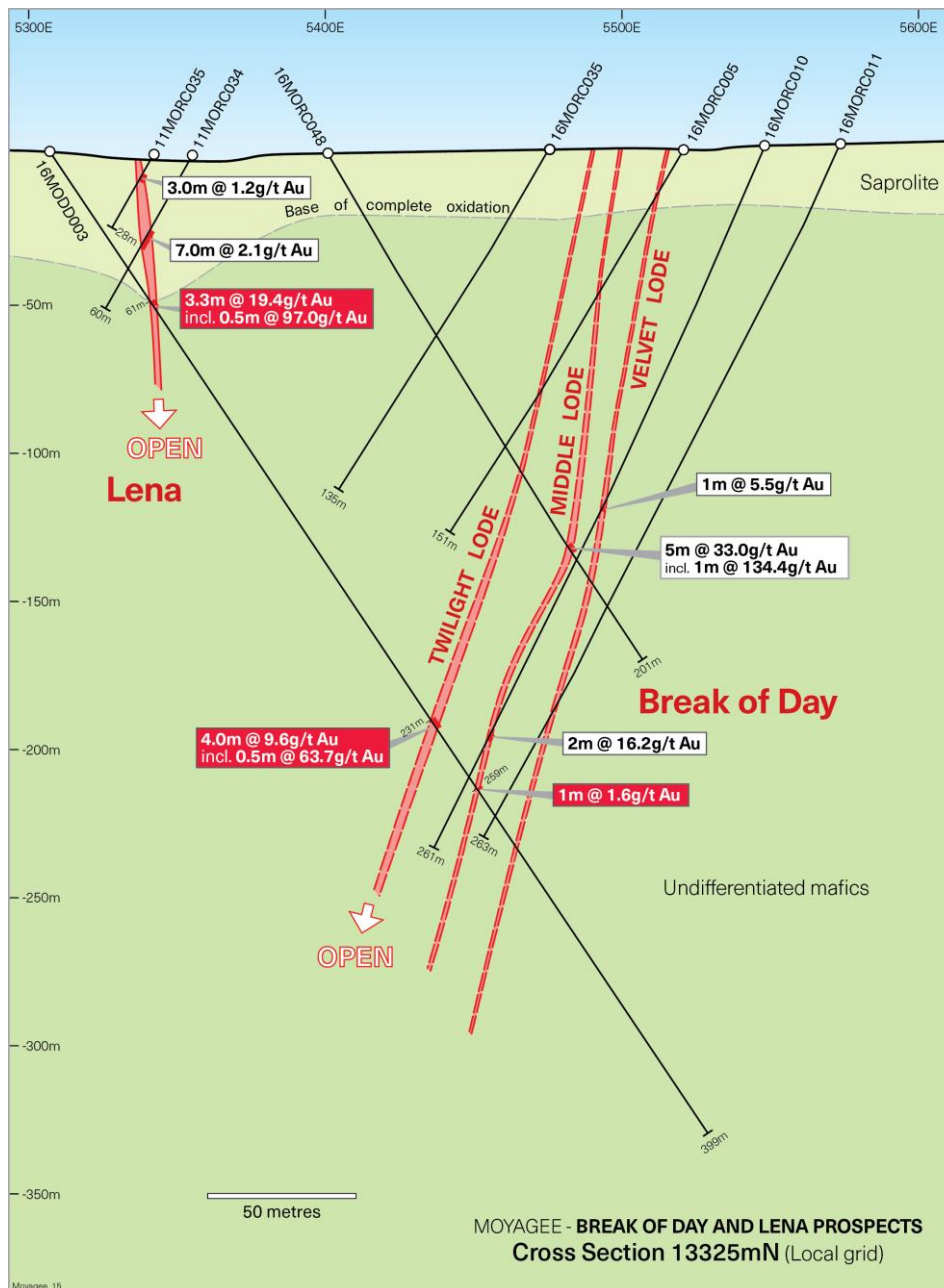


Figure 6: Break of Day and Lena cross section 13325mN - local grid (vertical section through mineralisation)

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 Hollandaire Copper Resources (see ASX announcement 25 November 2015, “Musgrave Secures Advanced Gold and Copper Project”) and surrounding tenure in the highly prospective Murchison province of Western Australia (Figure 7). The Company has met its minimum expenditure commitment for the Cue Project and has commenced the Stage 1 Earn-In to acquire a 60% Joint Venture interest in the Project.

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



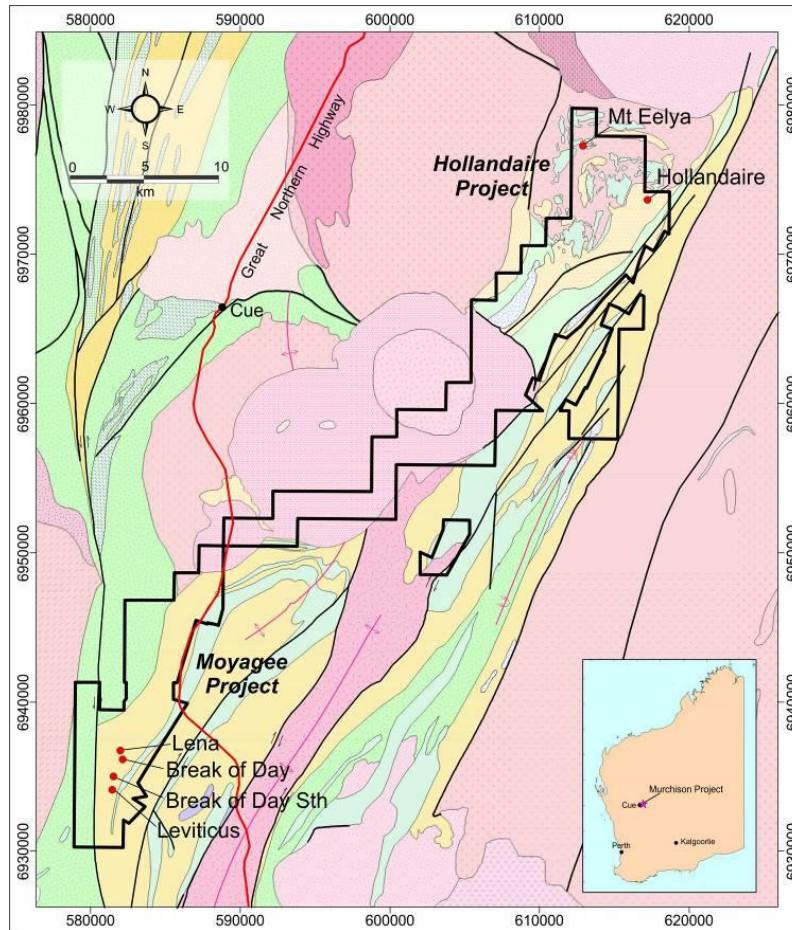


Figure 7: Cue Project location plan

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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.

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.

Table 1: Summary of Drill Hole Locations and Significant Assay Intervals

Drill Hole ID	Drill Type	Prospect	Easting (m)	Northing (m)	Azimuth (degree)	Dip (degree)	RL (m)	Total Depth (m)	Sample Type	From (m)	Interval (m)	Au (g/t)	Lode
16MODD001	Diam	Break of Day	581940.2	6936095.8	120	-60	415.3	195.5	Core	127.35	6.6	7.3	Twilight
									including	127.35	0.65	23.8	Twilight
									and	133.1	0.85	37.5	Twilight
16MODD002	Diam	Break of Day & Lena	581875.2	6936138.2	120	-60	414.3	307.8	Individual 1m RC	39	4.0	1.8	Lena
									Core	238.5	3.2	26.6	Twilight
									including	239.5	1.1	63.1	Twilight
									Core	253.0	1.0	7.2	Middle
									Core	295.0	1.0	3.1	Velvet
16MODD002B	RC	Break of Day	581869.2	6936138.5	120	-60	414.3	54	Individual 1m RC	34.0	7.0	3.0	Lena
									including	36.0	1.0	10.7	Lena
16MODD003	Diam	Break of Day & Lena	581877.2	6936177.1	120	-60	413.8	399.4	Core	61.7	3.3	19.4	Lena
									including	64.0	0.5	97.0	Lena
									Core	231.0	4.0	9.6	Twilight
									including	231.93	0.5	63.7	Twilight
									Core	259.0	1.0	1.6	Middle
16MODD004	Diam	Break of Day	581885.3	6936203.8	120	-60	413.4	396.3	Core	300.1	0.9	1.4	Twilight
									Core	327.5	1.0	1.0	Velvet
16MODD005	Diam	Break of Day	581923.2	6936166.0	120	-60	414.2	293.8	Core	213.0	1.0	2.1	Twilight
									Core	234.0	1.0	1.4	Velvet
16MODD006	Diam	Break of Day	581940.5	6936228.6	230	-60	413.5	300.4	Core	243.0	1.0	1.6	Velvet
16MODD008	Diam	Break of Day	581998.6	6936236.4	120	-60	414.0	216.4	Core	149.7	0.3	1.2	Velvet

Notes to Table 1(a)

1. An accurate dip and strike and the controls on mineralisation are only interpreted and the true width of mineralisation is not yet confirmed although it is likely be 50-80% of the intersection width
2. At Break of Day and Lena diamond core is sampled on geological intervals within the gold lode systems and at one metre individual samples for RC pre-collars and submitted for analysis. The samples are analysed using a 50g fire assay with ICP-MS (inductively coupled plasma - mass spectrometry) finish gold analysis (0.005ppm detection limit) by Genalysis-Intertek.
3. g/t (grams per tonne), ppm (parts per million), ppb (parts per billion), X = below detection limit
4. NSI (No Significant Intersection) – No gold assay above 1g/t
5. Velvet = Interpreted Velvet Lode at Break of Day
6. Twilight = Interpreted Twilight Lode at Break of Day
7. Middle = Interpreted Middle Lode at Break of Day
8. Lena = Interpreted gold lode at the Lena deposit
9. Assay intersections are generally continuous zones with less than 1 metre of internal dilution. Drill intersections within 16MODD001 and 16MODD002 are an exception to this rule.
10. No high grade cut-off has been applied to individual assays

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JORC TABLE 1

Section 1 Sampling Techniques and Data

Criteria	Explanation	Commentary
Sampling techniques	<i>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.</i>	<p>The sampling described in this release has been carried out on Reverse Circulation (RC) and Diamond (DDH) drilling.</p> <p>Sampling is undertaken using standard industry practices including the use of duplicates and standards at regular intervals.</p> <p>All Reverse circulation (RC) samples are split to 1-3kg in weight through a cyclone splitter.</p> <p>All diamond drill holes (DDH) are selectively sampled based on geological logging. The diamond core is oriented, logged geologically and marked up at a maximum sample interval of 1.5m constrained by geological boundaries. Drill core is cut in half by a manual diamond saw and half core samples submitted for multi-element assay analysis, including Specific Gravity (SG) determination.</p> <p>A Thermo Scientific Niton GoldD XL3+ 950 Analyser is available on site to aid geological interpretation. No XRF results are reported.</p>
	<i>Include reference to measures taken to ensure sample representivity and the appropriate calibration of any measurement tools or systems used.</i>	Sampling was carried out under Musgrave Minerals protocols and QA/QC procedures as per industry best practice. All tools are routinely calibrated. See further details below.
	<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>	<p>RC samples were collected as 4m composites for all RC drill holes. One metre individual samples are immediately submitted for analysis where a high probability of mineralisation occurs (e.g. quartz vein lode or massive sulphide). All one metre samples are split to 1-3kg in weight through a cyclone splitter which is air blasted clean at the end of each 6m rod.</p> <p>Individual samples normally weigh less than 3kg to ensure total preparation at the laboratory pulverization stage.</p> <p>The sample size is deemed appropriate for the grain size of the material being sampled.</p> <p>Diamond drilling was completed using a HQ or NQ drilling bit for all diamond holes. Core selected from geological observation is cut in half for sampling, with a half core sample sent for assay at measured geological intervals.</p> <p>All RC and DDH samples were fully pulverized at the lab to -75 microns, to produce a 50g charge for Fire Assay with ICP-MS finish for Au. Diamond core samples were also analyzed for an additional 31 elements, as well as having their Specific Gravity (SG) determined.</p> <p>Samples are sent to the Genalysis – Intertek laboratory in Perth.</p>
Drilling techniques	<i>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).</i>	<p>A Diamond Drilling (DDH) program was undertaken by Mt Magnet Drilling using HQ2 or NQ3 size for sampling and assay. RC pre-collars were attempted for 6 holes in the program, but due to excessive deviation, only 2 of these pre-collars were deemed acceptable to continue with a diamond tail (16MODD005 and 16MODD006). Where RC pre-collar deviation was deemed unacceptable, the hole was re-drilled from surface using diamond drilling. All RC pre-collars were sampled using 4m composites.</p> <p>Selected core was cut in half at the Intertek laboratory in Maddington, Perth, W.A. for sampling, with a half core sample sent for assay at measured geological intervals. All drill core was oriented where possible using an Reflex orientation tool, with core initially cleaned and pieced together at the drill site, and fully orientated by Musgrave Minerals field staff at the Cue exploration facility.</p> <p>A total of 55 RC holes and 7 diamond drill holes have been drilled by MGCV at Break of Day in total.</p> <p>Historically Silver Lake Resources Ltd (SLR) undertook RC drilling at Break of Day with a number of companies intermittently drilling prior to 2008. A combination of historical RAB, aircore, RC and diamond drilling has been utilised by multiple companies over a thirty year period across the broader project area.</p>
Drill sample recovery	<i>Method of recording and assessing core and chip sample recoveries and results assessed.</i>	<p>RC bulk sample weights are observed and noted in a field Toughbook computer by MGCV field staff.</p> <p>Core recoveries were determined for every drill run completed using 3 and 6m core barrels. The core recovered is physically measured by tape measure and the length recovered for every "run". Core recovery can be calculated as a percentage recovery. Almost 100% recoveries were achieved in the diamond drilling program.</p>

	<i>Measures taken to maximise sample recovery and ensure representative nature of the samples.</i>	RC: Drillers use industry appropriate methods to maximise sample recovery and minimise downhole contamination. A cyclone splitter was utilised to split 1-3kg of sample by weight. The splitter is air blasted clean at the end of each 6m rod. DDH: DDH drilling collects uncontaminated fresh core samples which are cleaned at the drill site to remove drilling fluids and cuttings to present clean core for logging and sampling
	<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 significant sample loss or bias has been noted. Where voids or historical stopes have been intersected in drilling these have been logged and recorded. There was no significant loss of material reported in any of the diamond core.
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, alteration and geotechnical related observations are logged and 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 diamond core or RC chips is undertaken on a routine 1m basis. Photography of diamond core is undertaken (both wet and dry) prior to cutting and sampling.
	<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>	Core samples were cut in half using a manual diamond saw at Intertek Genalysis in Perth. Half core samples were collected for assay, and the remaining half core samples stored in the core trays.
	<i>If non-core, whether riffled, tube sampled, rotary split, etc and whether sampled wet or dry.</i>	RC samples are routinely cyclone split and kept dry by the use of pressurised air. No wet sampling occurred.
	<i>For all sample types, the nature, quality and appropriateness of the sample preparation technique.</i>	RC: Drill sample preparation and base metal and precious metal analysis is undertaken by a registered laboratory (Genalysis – Intertek). Sample preparation by dry pulverisation to 85% passing 75 micron. DDH: All samples were prepared at Genalysis-Intertek. Samples were dried and the whole sample pulverised to 80% passing 75 micron, and a sub-sample of approximately 200g retained. A nominal 50g was used for the analysis. The procedure is industry standard for this type of sample.
	<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 (1:50), duplicates (~1:30) and blanks (1:50) at appropriate intervals for early stage exploration programs. High, medium and low gold standards are used.
	<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 is carried out using standard protocols and QAQC procedures as per industry practice. Duplicate samples are inserted (~1:30) and more frequently when in high grade gold lodes, and routinely checked against originals. Diamond core was also measured for SG. This is measured using an industry standard method and was done by Intertek-Genalysis Perth.
	<i>Whether sample sizes are appropriate to the grain size of the material being sampled.</i>	Sample sizes are considered appropriate for grain size of sample material to give an accurate indication of gold mineralisation at Break of Day. Sample is collected from full width of sample interval to ensure it is representative of samples lithology.
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>	All analysis was performed by Intertek-Genalysis Perth. RC: One metre individual samples are analysed through potential gold mineralised zones. Four metre composite samples are analysed for the entire drill hole. Analysis is by 50g fire assay with ICP-MS finish for gold. DDH: Sample intervals were analysed with a 50g Fire Assay with ICP finish for Au only, which is considered appropriate for the material and the mineralisation. Each DDH sample interval was also analysed using a multi-acid digest and analysed by ICP-MS for the following elements: Ag, Al, As, Ba, Bi, Ca, Cd, Ce, Co, Cr, Cu, Fe, K, Mg, Mn, Mo, Na, Ni, P, Pb, S, Sb, Sc, Sr, Te, Ti, V, W, Zn and Zr. Internal certified laboratory QAQC is undertaken including check samples, blanks and internal standards. This methodology is considered appropriate for base metal mineralisation and gold at the exploration phase.
	<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. Musgrave utilise a Thermo Scientific Niton GoldD XL3+ 950 Analyser to aid geological interpretation.



	<i>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.</i>	Standards, duplicates, blanks, and repeats are utilised as standard procedure. Certified reference materials that are relevant to the type and style of mineralisation targeted are inserted at regular intervals.
<i>Verification of sampling and assaying</i>	<i>The verification of significant intersections by either independent or alternative company personnel.</i>	Samples are verified by the geologist before importing into the main database (Datashed).
	<i>The use of twinned holes.</i>	Two of the diamond drill holes twinned previously reported RC drill holes to determine Au grade variability and confirm geological interpretation
	<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 templates. Geological sample logging is undertaken on one metre intervals for all 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.
	<i>Discuss any adjustment to assay data.</i>	No adjustments or calibrations are made to any assay data reported.
<i>Location of data points</i>	<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 Z50) and have been surveyed or measured by RTK DGPS with an accuracy of $\leq \pm 0.1$ metres. Down hole surveys for this RC/diamond drilling program were undertaken using the Reflex gyroscope down hole tool in either continuous reading mode or at regular 20m intervals.
	<i>Specification of the grid system used.</i>	Drill hole and sample site co-ordinates are in UTM grid (GDA94 Z50) and converted from local grid references.
	<i>Quality and adequacy of topographic control.</i>	Historical drill hole collars and RL's are surveyed by qualified surveyors using differential GPS to an accuracy of $\pm 0.1-0.5$ metres in most instances in the resource areas. Hand held GPS is used for exploration drill holes including at Break of Day and Mt Eelya with an accuracy of ± 5 metres. At the completion of the diamond drilling program all drill holes completed by Musgrave Minerals in 2016 at the Break of Day Prospect were located by a registered surveyor using an RTK DGPS with an accuracy of $\leq \pm 0.1$ metres.
<i>Data spacing and distribution</i>	<i>Data spacing for reporting of Exploration Results.</i>	Variable drill hole spacings are used to adequately test targets and are determined from geochemical, geophysical and geological data together with historical drilling information. At present at Break of Day a general pattern of 20-40m drill spacings on 25m-50m spaced sections is underway. Historical drill hole spacings at Break of Day are variable although SLR drilled a number of holes at approximately 20m on 50m sections in 2011-12. At Lena the drill hole spacing varies from 12.5 metre spacing in the north to 20-25m spacing in the south. The Lena mineralisation is only drilled to a depth of approximately 30 vertical metres in the south.
	<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 estimation procedure(s) and classifications applied.</i>	There is a current JORC 2004 mineral resource at Break of Day and Lena defined by Silver Lake Resources. The Mineral Resources and Ore Reserve estimate at Break of Day and Lena was 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 had not materially changed since it was last reported. For further details refer to SLR ASX announcement 26 August 2016: "Mineral Resources and Ore Reserves Update".
	<i>Whether sample compositing has been applied.</i>	One metre individual samples routinely split by the drill rig cyclone are undertaken for all RC drill holes but only submitted for analysis where there is a high probability of mineralisation from geological interpretation of the drill samples. Four metre sample compositing has also been undertaken for all RC drill holes. Composite sampling is undertaken using a stainless steel spear (trowel) at one metre samples and combined in a calico bag. No sample compositing was undertaken for diamond drilling.
<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>	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. The mineralisation at Break of Day is interpreted to dip sub-vertically between 80 degrees to the east and 75 degrees to the west. The true width of drill intersections at Break of Day and Lena are interpreted to be between 50-70% of the drill intersection width.
	<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 internal staff. Drill samples are stored on site and transported by a licenced reputable transport company to a registered laboratory in Perth (Genalysis-Intertek Perth). When at the laboratory samples are stored in a locked yard before being processed and tracked through preparation and analysis (Lab-Trak system).
<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 modelling 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>	The Break of Day prospect is located on granted mining lease M21/106 and the primary tenement holder is 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". The Mt Eelya prospect is located on granted exploration licence E20/608 and the primary tenement holder is Silver Lake Resources Ltd. The Hollandaire and Hollandaire West deposits are located on E20/699 and the primary tenement holder is Cue Minerals Pty Ltd a 100% subsidiary of Silver Lake Resources Ltd. The Hunky Dory prospect is located on granted mining leases M20/225, M20,245, M20/277 and the primary tenement holder is Silver Lake Resources Ltd. Purple Rain is located on M58/224 and the primary tenement holder is Silver Lake Resources Ltd. The Cue project tenements consist of 39 licences (Lena and Break of Day 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.
	<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>	Historical drilling, soil sampling and geophysical surveys have been undertaken in different areas on the tenements intermittently by multiple third parties over a period of more than 30 years. At Break of Day and Lena historical exploration and drilling has been undertaken by a number of companies and most recently by Silver Lake Resources Ltd in 2010-13.
<i>Geology</i>	<i>Deposit type, geological setting and style of mineralisation.</i>	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 within the Eelya Felsic Complex.
<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: 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.</i>	All relevant historical drill hole information has previously been reported by SLR. All new drill holes completed by MGV are referenced in this release.
<i>Data aggregation methods</i>	<i>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.</i>	All significant new drill hole assay data are reported in this release. No cut-off has been applied to any sampling.
	<i>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.</i>	All significant new drill hole assay data are reported in this release. No cut-off has been applied to any sampling.
	<i>The assumptions used for any reporting of metal equivalent values should be clearly stated.</i>	No metal equivalent values have been reported.

<i>Relationship between mineralisation widths and intercept lengths</i>	<i>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').</i>	All significant new drill hole assay data are reported in this release. True widths are not known but are expected to vary between 50-70% of the intersection width.
<i>Diagrams</i>	<i>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.</i>	Diagrams referencing new data can be found in the body of this release. Some diagrams referencing historical data can also be found in the body of this report.
<i>Balanced reporting</i>	<i>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.</i>	All assays received from Musgrave's recent RC/diamond drilling are reported in this release.
<i>Other substantive exploration data</i>	<i>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.</i>	All new meaningful data is reported in this release. All material results from geochemical and geophysical surveys and drilling related to these prospects has been reported or disclosed previously.
<i>Further work</i>	<i>The nature and scale of planned further work (e.g. tests for lateral extensions or depth extensions or large-scale step-out drilling).</i>	A range of exploration techniques will be considered to progress exploration including additional surface sampling and drilling.
	<i>Diagrams clearly highlighting the areas of possible extensions, including the main geological interpretations and future drilling areas, provided this information is not commercially sensitive.</i>	Refer to figures in the body of this announcement.