



March 2018 Quarterly Activities Report

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

ASX Code: MGV
Issued Shares: 279M
Cash Balance: \$2.6M
ABN: 12 143 890 671

Directors

Graham Ascough
Robert Waugh
Kelly Ross
John Percival

Top Shareholders

Jetosea Pty Ltd
Riggy and Boo Pty Ltd
Silver Lake Resources Ltd
Independence Group NL

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Highlights

Cue Project - Gold

- Studies are continuing on the Lena and Break of Day gold deposits to assess potential near term development opportunities

Break of Day

- Infill diamond drilling at Break of Day, has confirmed the geological interpretation and continues to return strong gold intersections including:
 - 16m @ 7.2g/t Au from 95m, including
 - 5m @ 17.69g/t Au (17MODD002), and
 - 1m @ 52.2g/t Au from 174m (17MODD001)
- Extensional diamond drilling outside the resource boundary at Break of Day returned intersections including:
 - 1.8m @ 4.5g/t Au from 333.0m (18MODD002), and
 - 16.3m @ 1.2g/t Au from 258.7m (18MODD004)
- Drilling confirms mineralisation continues for at least 140m beyond current resource envelope and remains open at depth

Regional

- Major regional gravity survey completed to identify and prioritise additional gold targets along the >20km strike of the Break of Day/Lena shear zone
- The survey identified 10 high priority targets for drill testing
- A large 110 hole, 12,000m aircore/RC drill program has commenced over these targets
- Targets include Lake Austin North and West Island where historical regolith aircore drilling has intersected:
 - 4m @ 8.1g/t Au (MOAC153) and 20m @ 0.28g/t Au (MOAC160) at Lake Austin North within a 1km long gold anomaly
 - 4m @ 2.7g/t Au (MAC334) at West Island within a 500m long gold anomaly
- No basement follow-up drilling undertaken at these targets to date

Introduction

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

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

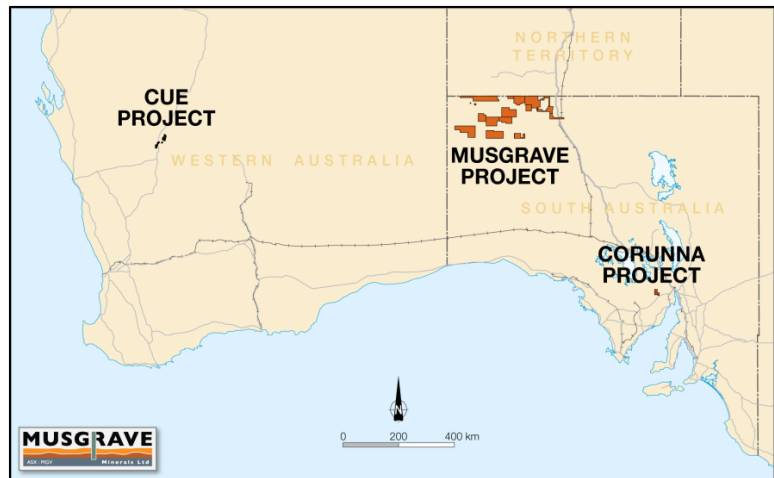


Figure 1: Musgrave Minerals' project location map

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

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

Corporate

During the period the Company progressed exploration as summarised in the Exploration Activities section of this report. At the end of the March 2018 quarter, the Company held \$2.6 million in cash.

During the quarter the Conditions Precedent were satisfied for the Farm-in and Joint Venture agreement with Petratherm Limited (ASX: PTR) on the Corunna Project in the Gawler Craton region of South Australia (Figure 1).

Petratherm can earn up to 75% through staged expenditure of \$1 million over 2.5 years.

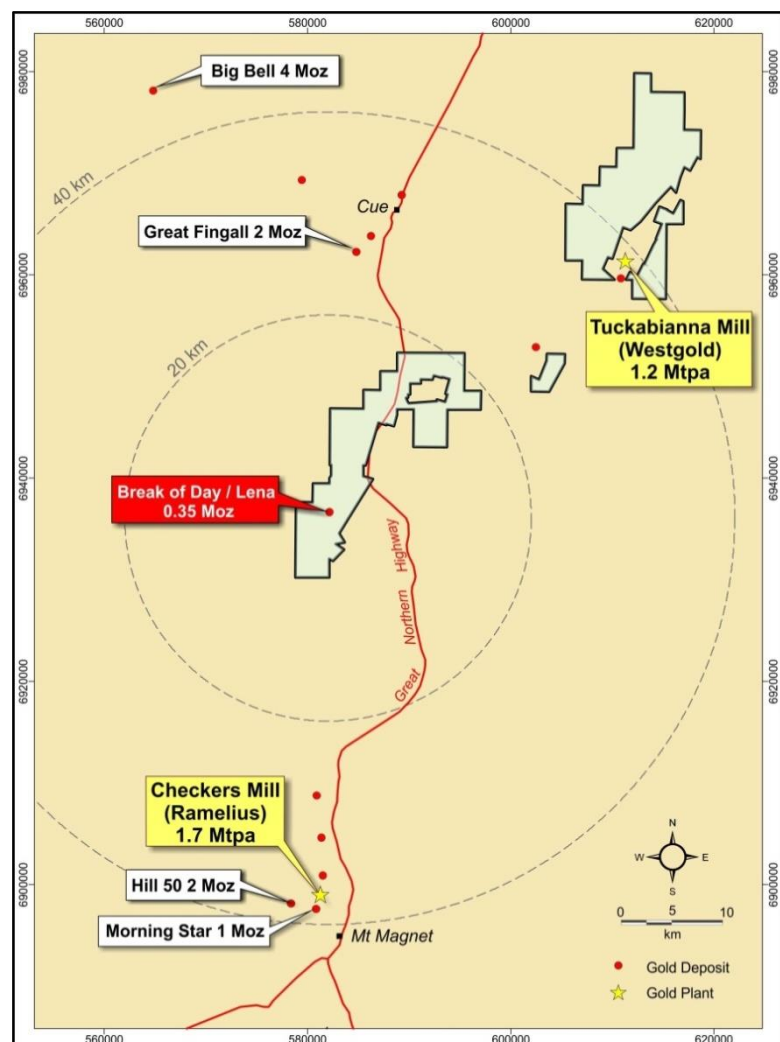


Figure 2: Cue Project location plan



Exploration Activities

Cue Project

Musgrave Minerals Ltd (100%)

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

A diamond drilling program at the Break of Day deposit, a reverse circulation ("RC") drilling program at the Louise prospect and a regional gravity survey covering approximately 20km of the Break of Day/Lena shear zone were completed during the quarter. The gravity survey defined new targets and helped prioritise existing targets for drill testing. An aircore/RC drilling program commenced in early April to test the 10 highest priority targets.

Studies are continuing on the Break of Day and Lena deposits to evaluate options to optimise cash flow from near term development scenarios.

Break of Day

During the quarter a total of seven diamond drill holes (three infill and four extensional) for 2,423m were completed at Break of Day. Further encouraging high-grade gold intersections were returned from this drilling providing significant support for the geological interpretation and adding valuable structural data to enhance targeting within the broader area. The high-grade mineralisation remains open at depth (Figure 3).

Infill drill hole 17MODD002 intersected **16.0m @ 7.2g/t Au** from 95m down hole including **5.0m @ 17.9g/t Au** from 106m down hole in the Twilight Lode near the southern edge of the current resource boundary (Figure 3). Drill hole 17MODD001 intersected **1.0m @ 52.2g/t Au** from 174m down hole in the Velvet Lode near the northern limit of the current resource.

The Twilight Lode was intersected in all four extensional drill holes with best intersections of 16.3m @ 1.2g/t Au from 258.7m down hole including 0.7m @ 9.9g/t Au from 258.7m (18MODD004) and 1.8m @ 4.5g/t Au from 333.0m down hole (18MODD002). In addition the Velvet Lode was intersected in drill hole 18MODD002 returning 2.1m @ 2.6g/t Au from 362.8m down hole.

The diamond drilling supports the interpretation of a steep dip to the high-grade shoots on the Twilight Lode and will add valuable structural data to enhance targeting within the broader area.

The drilling has confirmed that the mineralisation continues at depth and down plunge at Break of Day. Further drill testing is required to define the depth potential of the deposit. However, this will take place once internal development studies on the economics of the currently defined mineralisation at Break of Day and Lena have been completed.

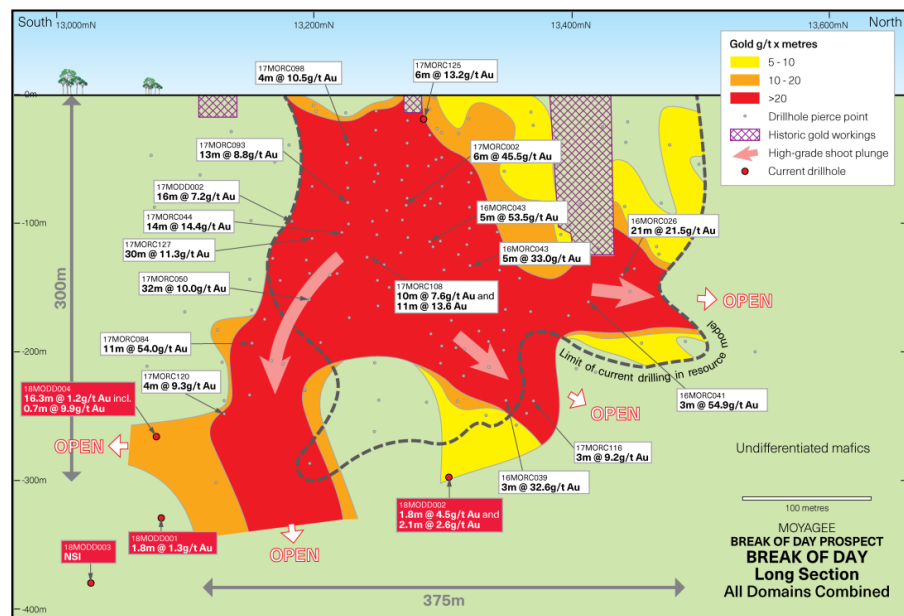


Figure 3: Break of Day schematic long section of the combined Twilight and Velvet gold lodes with drill hole locations showing high-grade shoots together with new drill targets (a long section or longitudinal section is a section along the plane of the lode and in this instance shows gold grade x thickness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

Louise

At the Louise prospect, 750m south of Break of Day, an initial 1,188m, nine hole program of RC drilling was completed to follow-up the near surface high-grade intersection, 4m @ 15.4g/t Au in 17MORC112 (see ASX announcement 29 November 2017, "New High-Grade Gold Discovery at Louise").

Anomalous gold was intersected including; 1m @ 6.3g/t Au from 50m down hole in 18MORC002, 1m @ 3.1g/t Au from 100m down hole in 18MORC008, 1m @ 3.0g/t Au from 75m down hole in 18MORC009 and 4m @ 1.1g/t Au from 130m down hole in 17MORC005.

The drill hole geology is similar in lithology and character to the Lena deposit (2.68Mt @ 1.77g/t Au for 153koz Au), (see ASX announcement 14 July 2017, "Resource Estimate Exceeds 350koz Gold"), suggesting that the Break of Day shear may remain untested a further 100m east of the current drilling.

Regional Exploration

Subsequent to the end of the quarter, the Company commenced a large aircore/RC drill program to test 10 new high priority gold targets on the Cue tenements. The targets have been defined through the integration of the recently completed regional gravity survey with existing aeromagnetic data, historical broad spaced aircore drilling and surface geochemistry.

The drilling program consists of a combination of aircore drilling with RC 'tails' to extend drill holes into fresh rock, down dip of gold anomalism. The program will consist of approximately 110 drill holes for 12,000m of drilling and take approximately eight weeks to complete. First assays are expected in early-mid May with assay results following every few weeks through to late June.

The 10 high priority targets (Figure 4) occur along a 20km long prospective corridor that hosts the Break of Day and Lena gold resources (Break of Day, 868kT @ 7.15g/t Au for 199koz Au and Lena, 2,682kT @ 1.77g/t Au for 153koz Au (see MGV ASX announcement 24 October 2017, "Annual report 2017")).

Seven of the targets have historical broad-spaced aircore or rotary air blast ("RAB") drill holes that returned anomalous gold results. These historical drill holes terminated in weathered basement and did not penetrate into the unweathered (fresh) Archaean below. The targets are open and untested by basement drilling.

The Lake Austin North target is a 1km long regolith gold anomaly interpreted to be on a parallel shear to the Break of Day/Lena shear zone under transported lake sediments (Figure 5). Historical aircore drilling in 2002 intersected 6m @ 5.5g/t Au, including 4m @ 8.1g/t Au (MOAC153) at 87m vertical depth in weathered Archaean regolith (Figure 2) with quartz veining and shearing noted in the historical geology log. The mineralisation is open to the north and has not been followed up. The target is only 3km north of the high-grade Break of Day gold resource.

The West Island target is a 500m long gold target, also interpreted to be on a parallel shear to the Break of Day/Lena shear zone under transported lake sediments. Historical aircore drilling in 2006 intersected 9m @ 1.4g/t Au, including 4m @ 2.7g/t Au from 107m down hole in weathered Archaean regolith but no follow-up basement drilling has been undertaken (Figure 6). The target is 8km north of the high-grade Break of Day gold resource.

Exploration Upside

At Break of Day there remains significant potential to extend the high-grade gold mineralisation at depth. The Company has >20km of prospective strike with multiple targets to drill test along the Break of Day/Lena shear corridor. The Break of Day/Lena shear zone is a significant second order gold bearing structure with significant upside potential. The geological setting is analogous to the Great Fingall deposit (~2Moz Au @ ~8g/t) approximately 30km to the north.



Quarterly Activities Report for the period ended 31 March 2018

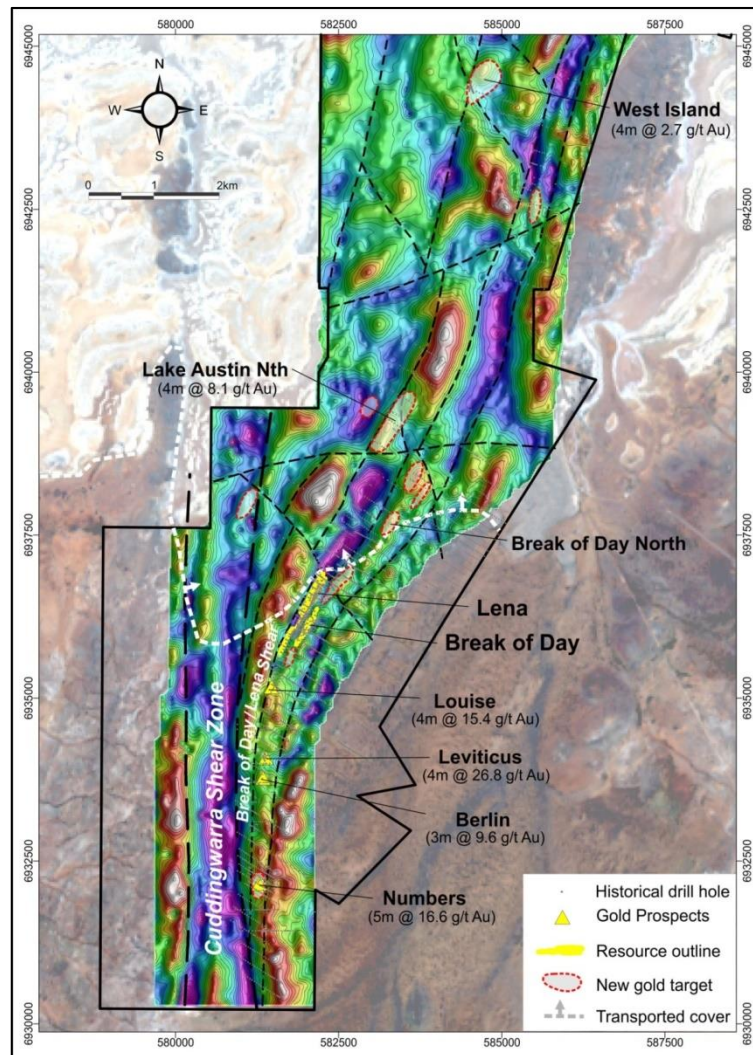


Figure 4: Location plan showing new gold targets on 2km residual gravity image

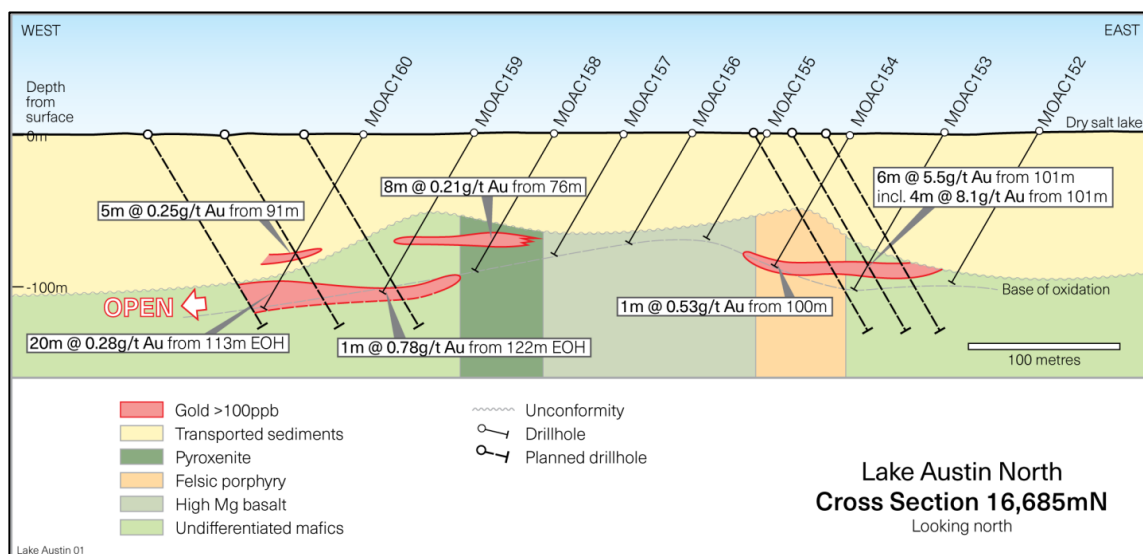


Figure 5: Cross-section for the Lake Austin North target showing historical drilling and new planned follow-up drill holes (a cross-section is a vertical section perpendicular to the line of mineralisation)

Quarterly Activities Report for the period ended 31 March 2018

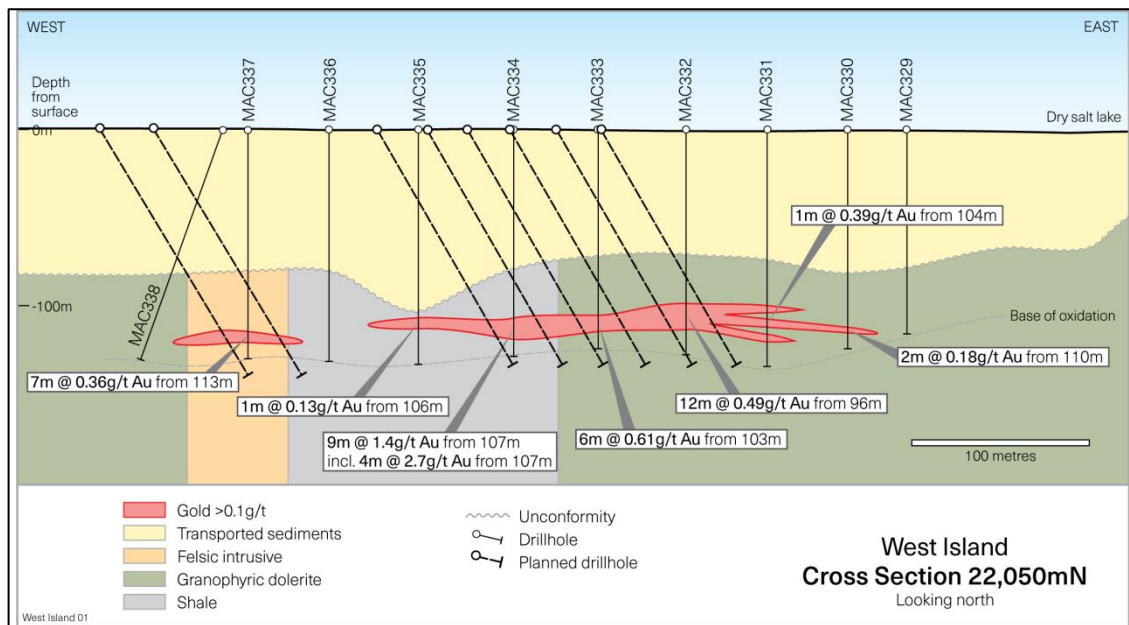


Figure 6: Cross-section for the West Island target showing historical drilling and new planned follow-up drill holes

The Break of Day North target is a 500m long zone of intermittent anomalous gold in soil directly north along strike from the high-grade Break of Day gold resource. There is only one shallow historical broad spaced RAB drill traverse (drill holes <20 deep) through this entire area.

Further follow-up RC drilling will also be undertaken at the Numbers prospect where an existing near surface gold resource (JORC 2004 Inferred Resource) of 278,000 tonnes @ 2.5g/t Au (22,000oz Au) has been defined over a 260m strike extent (see MGV ASX announcement 24 October 2017, "Annual report 2017").

Other Projects

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

Ongoing Exploration

- A large 110 hole, 12,000m gold focussed aircore/RC drilling program has commenced to test 10 regional gold targets with first assays expected in early-mid May
- A structural geology study is underway to better define the controls on mineralisation at Break of Day and Lena and will be completed in late May
- Development studies are progressing on the Break of Day and Lena deposits to evaluate options to optimise cash flow and maximise shareholder returns

Notes Specific – March 2018 Quarter ASX Announcements

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

- 04/01/2018 Change of Directors Interest Notice
- 22/01/2018 Drilling has re-commenced at Break of Day and Louise
- 30/01/2018 December 2017 Quarterly Activities and Cashflow Report
- 01/02/2018 Change of Registered Office
- 16/02/2018 Break of Day Delivers More High-Grade Hits
- 20/02/2018 New High-Grade Gold Targets Defined at Cue
- 20/02/2018 RIU Explorers Conference Presentation
- 06/03/2018 Expiry of Unlisted Options
- 13/03/2018 Half Year Accounts
- 15/03/2018 Break of Day Still Open at Depth
- 26/03/2018 Expiry of Unlisted Options
- 04/04/2018 12,000m Drill Program Commenced to Test New Gold Targets

Enquiries:

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Media and Capital Partners

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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 has had significant exploration success at Cue with the ongoing focus on increasing the gold and copper resources through discovery and extensional drilling to underpin studies that will demonstrate a viable path to development in the near term. Musgrave also holds a large exploration tenement package in the Ni-Cu-Co prospective Musgrave Province in South Australia.

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Competent Person's Statement

Exploration Results

The information in this report that relates to Exploration Targets and Exploration Results is based on information compiled and/or thoroughly reviewed by Mr Robert Waugh, a Competent Person who is a Fellow of the Australasian Institute of Mining and Metallurgy (AusIMM) and a Member of the Australian Institute of Geoscientists (AIG). Mr Waugh is Managing Director and a full-time employee of Musgrave Minerals Ltd. Mr Waugh has sufficient experience that is relevant to the style of mineralisation and type of deposit under consideration to qualify as a Competent Person as defined in the 2012 Edition of the 'Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves'. Mr Waugh consents to the inclusion in the report of the matters based on his information in the form and context in which it appears.

Mineral Resources and Ore Reserves

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

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

Forward Looking Statements

This document may contain certain forward-looking statements. Forward-looking statements include, but are not limited to statements concerning Musgrave Minerals Limited's (Musgrave's) current expectations, estimates and projections about the industry in which Musgrave operates, and beliefs and assumptions regarding Musgrave's future performance. When used in this document, words such as "anticipate", "could", "plan", "estimate", "expects", "seeks", "intends", "may", "potential", "should", and similar expressions are forward-looking statements. Although Musgrave believes that its expectations reflected in these forward-looking statements are reasonable, such statements are subject to known and unknown risks, uncertainties and other factors, some of which are beyond the control of Musgrave and no assurance can be given that actual results will be consistent with these forward-looking statements.

Quarterly Activities Report for the period ended 31 March 2018

Tenement information in accordance with Listing Rule 5.3.3

Tenement ID	Project	State	Status	MGV Interest at start of quarter	MGV Interest at end of quarter
EL5497	Corunna	SA	Granted	100%	100%
E58/507	Cue	WA	Granted	100%	100%
P58/1709	Cue	WA	Granted	100%	100%
P58/1710	Cue	WA	Granted	100%	100%
E21/194	Cue	WA	Granted	100%	100%
E20/606	Cue	WA	Granted	100%	100%
E20/608	Cue	WA	Granted	100%	100%
E20/616	Cue	WA	Granted	100%	100%
E20/630	Cue	WA	Granted	100%	100%
E20/659	Cue	WA	Granted	90%	90%
E20/836	Cue	WA	Granted	100%	100%
E21/144	Cue	WA	Granted	100%	100%
E20/629	Cue	WA	Granted	100%	100%
E20/698	Cue	WA	Granted	100%	100%
E20/699	Cue	WA	Granted	100%	100%
E20/700	Cue	WA	Granted	100%	100%
E21/129	Cue	WA	Granted	100%	100%
E21/177	Cue	WA	Granted	100%	100%
E58/335	Cue	WA	Granted	100%	100%
E21/204	Cue	WA	Granted	0%	100%
M20/225	Cue	WA	Granted	100%	100%
M20/245	Cue	WA	Granted	100%	100%
M20/277	Cue	WA	Granted	100%	100%
M21/106	Cue	WA	Granted	100%	100%
M21/107	Cue	WA	Granted	100%	100%
M58/224	Cue	WA	Granted	100%	100%
M58/225	Cue	WA	Granted	100%	100%
P20/2094	Cue	WA	Granted	100%	100%
P20/2219	Cue	WA	Granted	100%	100%
P20/2279	Cue	WA	Granted	100%	100%
L20/57	Cue	WA	Granted	100%	100%

Appendix 5B

Mining exploration entity and oil and gas exploration entity quarterly report

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

Name of entity

MUSGRAVE MINERALS LIMITED

ABN

12 143 890 671

Quarter ended ("current quarter")

31 MARCH 2018

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (9 months) \$A'000
1.	Cash flows from operating activities		
1.1	Receipts from customers		
1.2	Payments for		
	(a) exploration & evaluation	(901)	(2,592)
	(b) development	-	-
	(c) production	-	-
	(d) staff costs	(77)	(226)
	(e) administration and corporate costs	(56)	(358)
1.3	Dividends received (see note 3)	-	-
1.4	Interest received	15	40
1.5	Interest and other costs of finance paid	-	-
1.6	Income taxes paid	-	-
1.7	Research and development refunds	-	236
1.8	Other (provide details if material)	-	-
1.9	Net cash from / (used in) operating activities	(1,019)	(2,900)
2.	Cash flows from investing activities		
2.1	Payments to acquire:		
	(a) property, plant and equipment	(10)	(10)
	(b) tenements (see item 10)	-	(1,500)
	(c) investments	-	-
	(d) other non-current assets	-	-

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (9 months) \$A'000
2.2	Proceeds from the disposal of:		
	(a) property, plant and equipment	-	-
	(b) tenements (see item 10)	-	-
	(c) investments	-	-
	(d) other non-current assets	-	-
2.3	Cash flows from loans to other entities	-	-
2.4	Dividends received (see note 3)	-	-
2.5	Other (provide details if material)	-	-
2.6	Net cash from / (used in) investing activities	(10)	(1,510)

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

4.	Net increase / (decrease) in cash and cash equivalents for the period		
4.1	Cash and cash equivalents at beginning of period	3,606	3,560
4.2	Net cash from / (used in) operating activities (item 1.9 above)	(1,019)	(2,900)
4.3	Net cash from / (used in) investing activities (item 2.6 above)	(10)	(1,510)
4.4	Net cash from / (used in) financing activities (item 3.10 above)	-	3,427
4.5	Effect of movement in exchange rates on cash held	-	-
4.6	Cash and cash equivalents at end of period	2,577	2,577

5. Reconciliation of cash and cash equivalents at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts	Current quarter \$A'000	Previous quarter \$A'000
5.1 Bank balances	201	256
5.2 Call deposits	2,376	3,350
5.3 Bank overdrafts	-	-
5.4 Other (provide details)	-	-
5.5 Cash and cash equivalents at end of quarter (should equal item 4.6 above)	2,577	3,606

6. Payments to directors of the entity and their associates

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

Current quarter \$A'000
114
-

Directors' fees, salary payments and superannuation.

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

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

Current quarter \$A'000
-
-

Mining exploration entity and oil and gas exploration entity quarterly report

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

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9.	Estimated cash outflows for next quarter	\$A'000
9.1	Exploration and evaluation	1,000
9.2	Development	-
9.3	Production	-
9.4	Staff costs	100
9.5	Administration and corporate costs	150
9.6	Other (provide details if material)	-
9.7	Total estimated cash outflows	1,250

10.	Changes in tenements (items 2.1(b) and 2.2(b) above)	Tenement reference and location	Nature of interest	Interest at beginning of quarter	Interest at end of quarter
10.1	Interests in mining tenements and petroleum tenements lapsed, relinquished or reduced				
10.2	Interests in mining tenements and petroleum tenements acquired or increased	E21/204 (WA)	Granted	0%	100%

Compliance statement

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

Sign here: .....
(Director/Company Secretary)

Date: 30 April 2018

Print name: Patricia Farr

Notes

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