



March 2019 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: 387M
Cash Balance: \$5.1M
ABN: 12 143 890 671

Directors

Graham Ascough
Robert Waugh
Kelly Ross
John Percival

Top Shareholders

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

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Highlights

Cue Project - Gold

- A-Zone, Lake Austin North demonstrates potential to be a large gold system with thick intercepts identified in diamond core
- Diamond drilling is ongoing at A-Zone with 12 holes completed for >3,540m. A number of scissor holes have been completed to confirm the geometry of the mineralised system. Further assays results are expected in May
- A-Zone remains open in all directions with basement mineralisation defined over a strike of >500m
- The scout aircore regional drilling program at Lake Austin is continuing to test the strike extent of A-Zone and define additional basement targets at Lake Austin North and regionally on the lake
- A significant high-grade gold intercept of 5m @ 14.8g/t Au was identified in regional aircore drilling (19MOAC036) at the new D-Zone target. The intercept included a high grade interval of 1m @ 65.4g/t Au
- Regional aircore drilling is continuing with 155 holes completed during the quarter. Further assays are expected in early June

Corporate

- Musgrave entered into an Option Agreement to acquire 100% of the non-alluvial gold rights to the Mainland Project in the Cue region. Mainland has seen very limited basement exploration but has produced significant quantities of alluvial gold
- Binding Term Sheet executed with Cyprium Australia Pty Ltd regarding an option, earn-in and joint venture on the non-gold rights over the northern tenements at the Cue Project. Musgrave will retain the gold rights to the tenure
- A General Meeting is scheduled for 16 May 2019 to ratify the prior issue of securities under listing rules 7.1 and 7.1A



Introduction

Musgrave Minerals Ltd (ASX: MGV) ("Musgrave" or "the Company") is an Australian resources company focused on gold and base metal exploration and development at the Cue Project in the Murchison Province of Western Australia (Figures 1 and 2).

Musgrave is continuing to drill to define the scope of the new gold discovery beneath the salt lake at Lake Austin North. Drilling is ongoing and the system is open in all directions.

There is also significant potential to make additional discoveries and extend the existing mineralisation at depth at Break of Day and Lena.

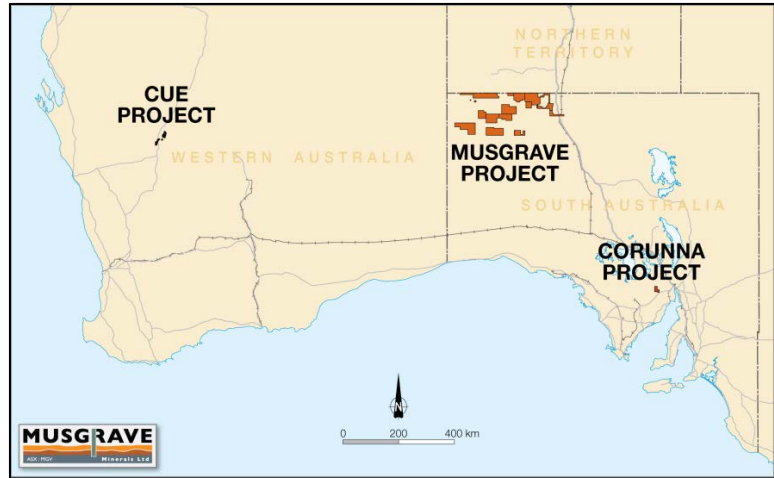


Figure 1: Musgrave Minerals' project location map

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 15 October 2018, "Annual Report"*).

Musgrave also holds tenements in the Musgrave Province and the Corunna Project in the Gawler Range region 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 2019 quarter, the Company held \$5.1 million in cash and is well funded to undertake exploration activities as part of the 2019 field season.

During the quarter Musgrave executed a Binding Term Sheet with Cyprium Australia Pty Ltd regarding an option, earn-in and joint venture on the non-gold rights over the northern tenements at the Cue Project. Musgrave will retain the gold rights to the tenure.

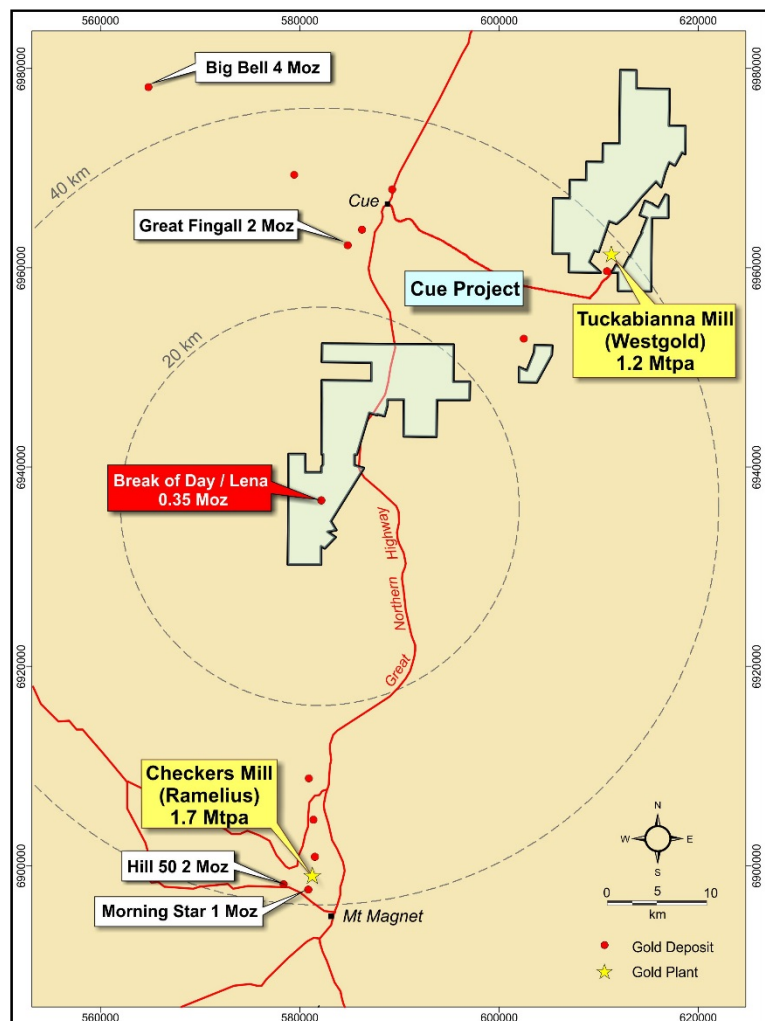


Figure 2: Cue Project location plan

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Musgrave has entered into an Option Agreement to acquire 100% of the non-alluvial gold rights to the Mainland Project in the Cue region. The project covers an area that has seen very limited basement exploration but has produced significant quantities of alluvial gold.

The non-binding Term Sheet with Westgold Resources Ltd at Cue expired on 1 March 2019. The Company will continue to advance its optimisation and development studies for the Break of Day and Lena deposits at Cue, while discussing development options for the Project's existing gold resources with third parties in the region.

Petratherm Ltd has withdrawn from the Corunna Joint Venture in South Australia where the Company retains 100% of the project.

Musgrave holds 10 million shares in Legend Mining Limited currently valued at approximately \$280,000. Musgrave also holds 10 million options to acquire shares in Legend that have an exercise price of \$0.04 and an expiry of 30 March 2021.

A General Meeting is scheduled for 16 May 2019 to ratify the prior issue of securities under Listing Rule 7.1 and 7.1A.

Exploration Activities

Cue Project

Musgrave Minerals Ltd (100%)

Musgrave's Cue Project hosts significant gold resources of 441koz gold (see *MGV ASX announcement 15 October 2018, "Annual Report"*) in the highly prospective Murchison Province of Western Australia.

Diamond drilling to test the basement below the A-Zone target at Lake Austin North (Figure 3) and to determine the extents of the gold mineralisation commenced during the quarter. At the end of the quarter 12 diamond holes had been completed for a total of 3,541m.

Musgrave has been issued with a licence under the Rights in Water and Irrigation Act for M21/106 and M21/107 which host the Lena and Break of Day gold deposits.

Lake Austin

The Company is currently undertaking a 15 hole diamond drilling program at Lake Austin North to better define the geometry and extents of the thick, high-grade basement gold

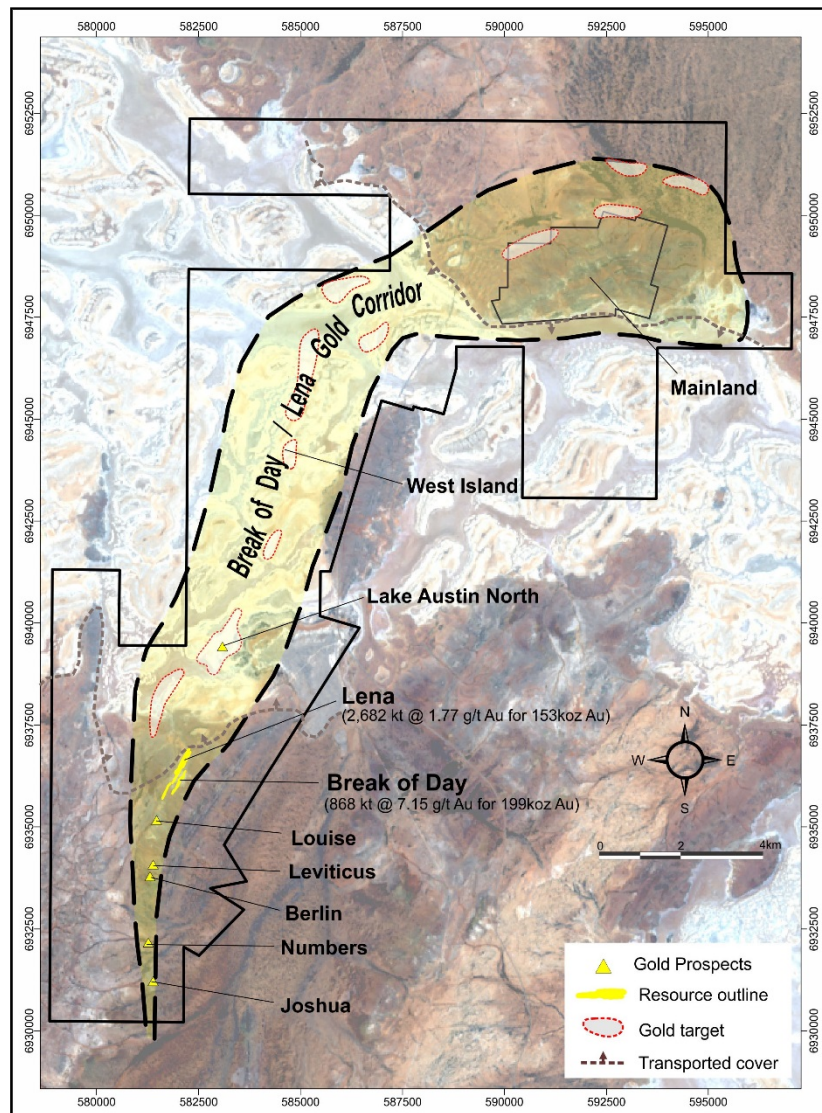


Figure 3: Plan showing prospect locations

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mineralisation at A-Zone (Figures 4 and 5).

The program is focused on testing the Archaean basement below the significant regolith gold anomaly derived from regional aircore drilling.

Lake Austin North is located approximately 3km north of Break of Day/Lena (Figure 3) and sits within a 28km-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 MGX ASX announcement 15 October 2018, "Annual Report").

Lake Austin North

The Company continues to be encouraged with the results at Lake Austin North. The mineralisation has significant strike potential and is still open to the south, north and down dip. The A-Zone is situated on a highly prospective tonalite-mafic contact, with early results suggesting a significant gold system.

The intent of the current diamond drilling program is to continue to expand the basement footprint of the mineralisation at A-Zone and better define the basement geometry of the mineralisation. The basement mineralisation is extensive and the limits are yet to be defined below the large 800m long regolith (weathered host rock) gold halo which is currently being extended through regional aircore drill testing.

The northern-most and southern-most basement holes at A-Zone, have all intersected mineralisation. The basement mineralisation is now defined over more than 500m of strike and remains open (Figures 4 and 5).

The geological model is developing with the mineralisation characterised by high-strain zones (higher grade gold) surrounded by crackle breccia zones (lower grade gold). Early drilling did

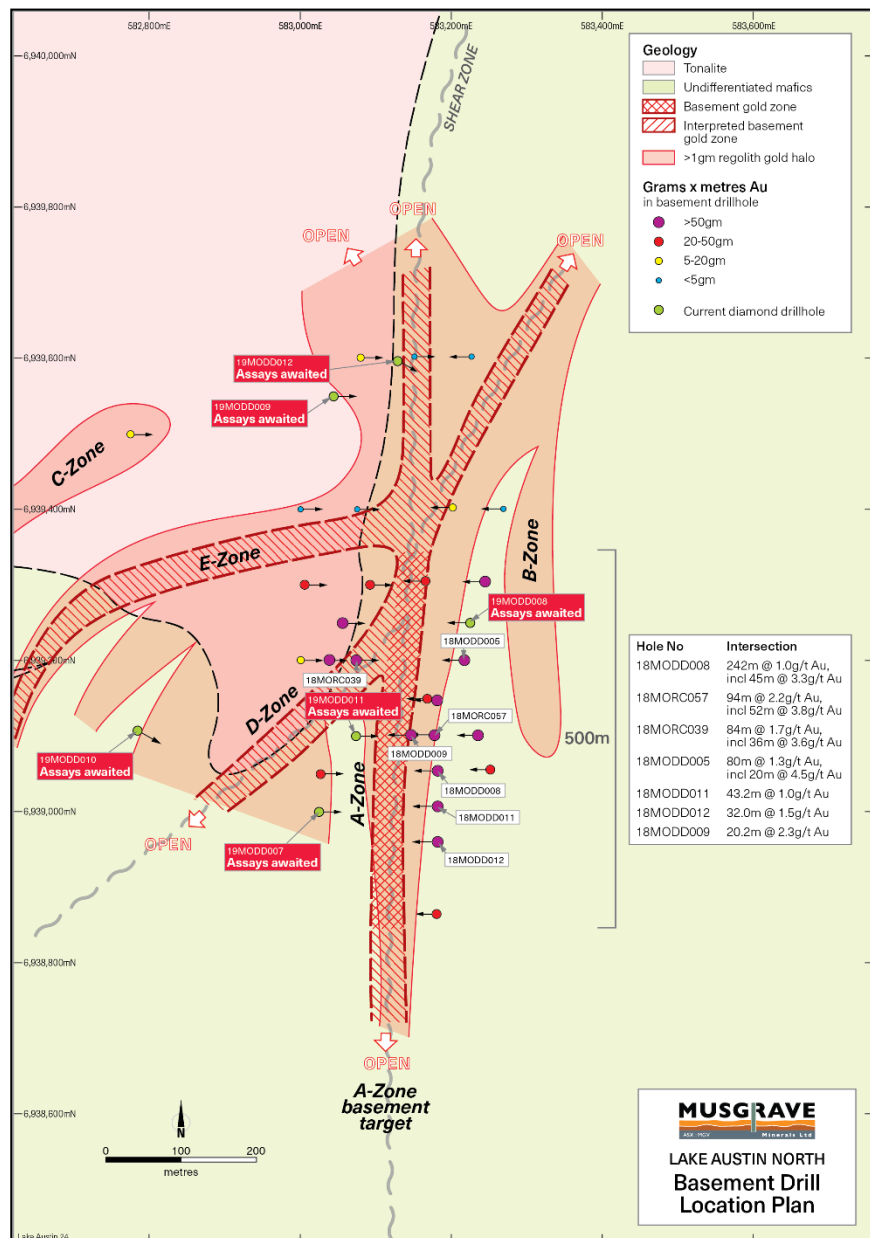


Figure 4: Location plan showing basement drill holes completed to date in the current diamond drill program at Lake Austin North

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not adequately test the higher strain zones on some sections.

The current diamond drilling program (phase 2) will continue into late April and will also test the newly defined D-Zone basement target.

The lake aircore drill rig is currently drilling to define the limits of the Lake Austin North gold regolith (weathered rock) halo and to test other new high-priority lake targets along strike.

During the quarter, the regional aircore drilling on Lake Austin continued to identify new targets for basement drill testing.

A highlight result of 5m @ 14.8g/t Au (19MOAC036) from 135m down hole including 1m @ 65.4g/t Au from 136m was identified from the newly named D-Zone (Figure 6 and 7) (see MGV ASX announcement 27 March 2019, "New High-Grade Hit Highlights Systems Potential"). Diamond drill testing of the basement below D-Zone has commenced.

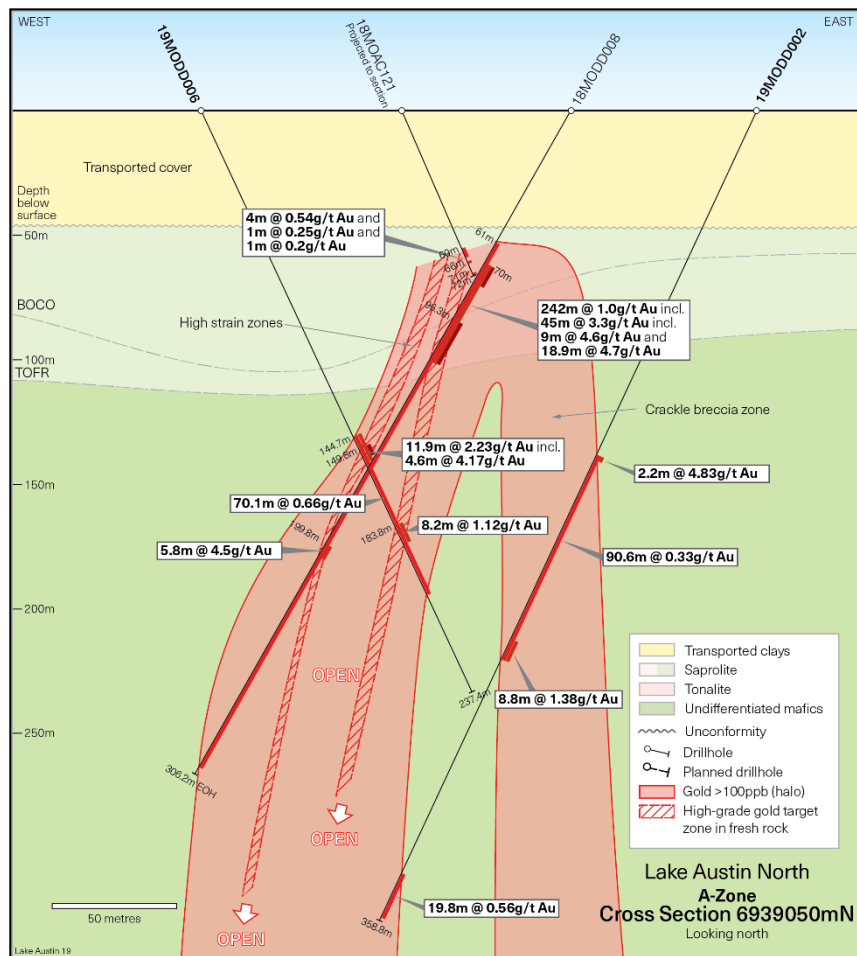


Figure 5: Cross section 6939050mN at Lake Austin North, A-Zone

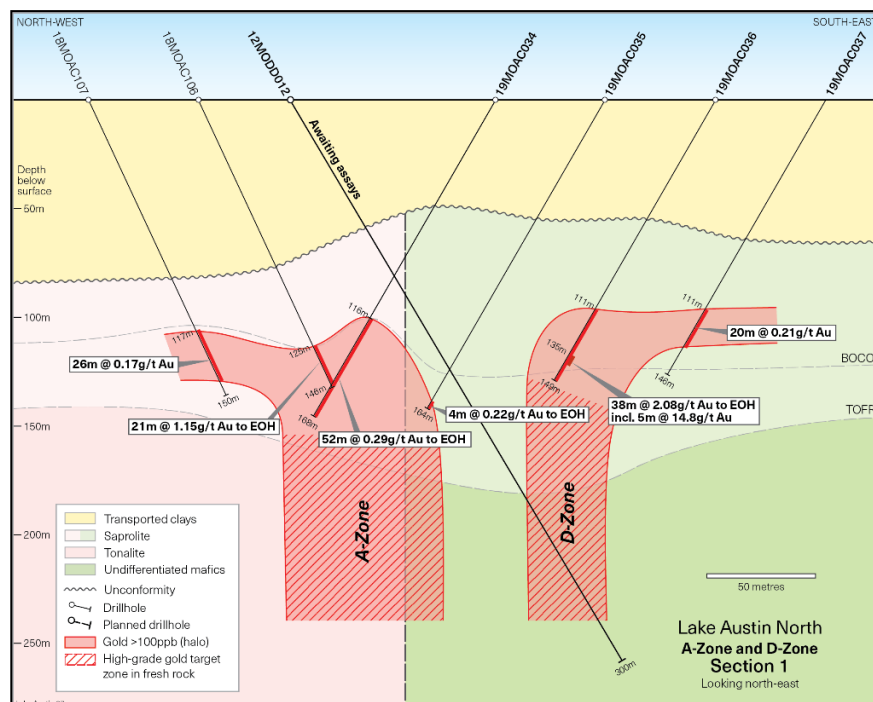


Figure 6: Oblique cross section showing D-Zone at Lake Austin North

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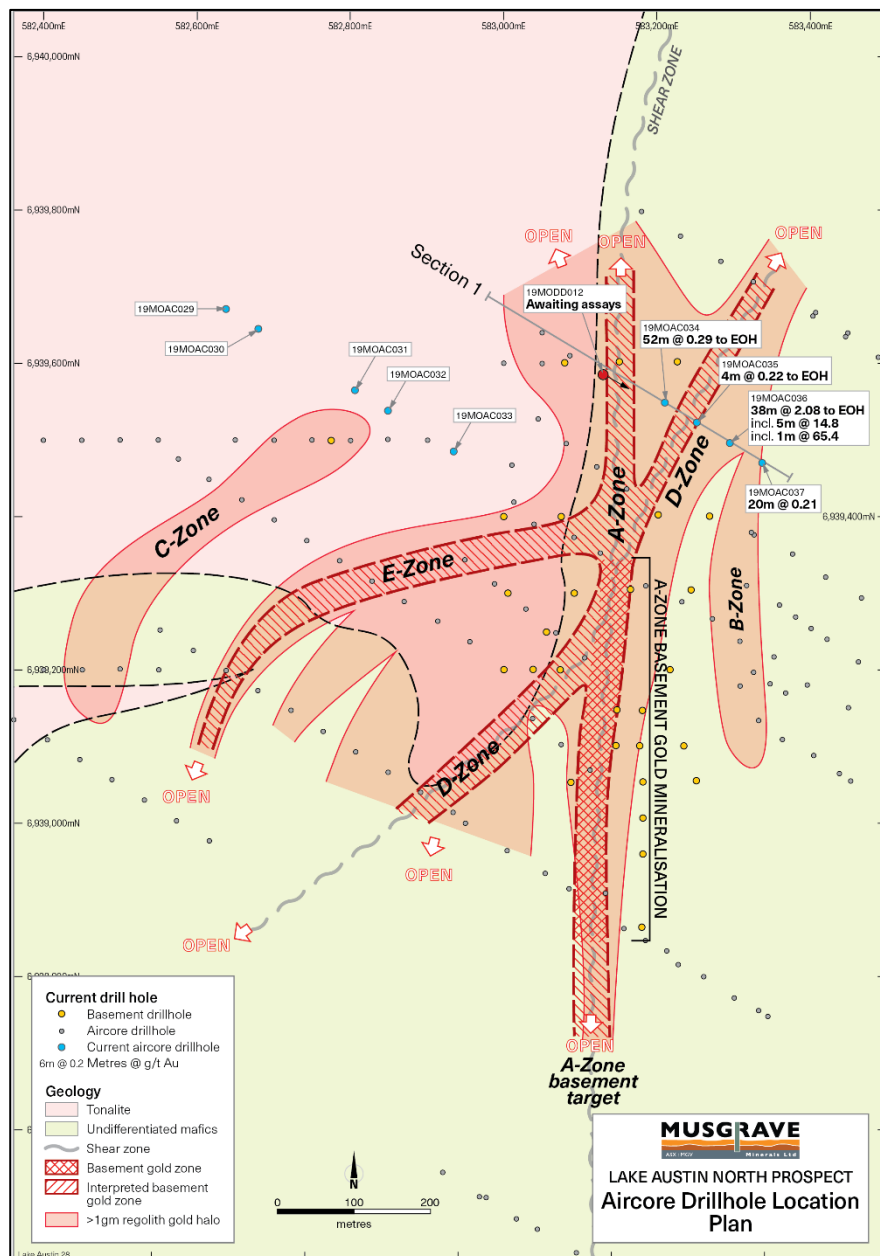


Figure 7: Plan showing D-Zone target at Lake Austin North

Regional Exploration – Cue

During the quarter Musgrave undertook a regional aircore drilling program on Lake Austin to define the limits to the gold mineralisation at Lake Austin North and to also test new gold targets. 155 holes for 16,799m of aircore drilling was completed to the end of March. Approximately 50 holes remain to be drilled in the current aircore program.

A detailed regional aeromagnetic survey covering the entire package of southern Cue tenure is currently being planned and scheduled for the June quarter.

Aircore/RC (Reverse Circulation) drill testing of a number of regional gold targets including Vostok, Laterite Hill and Lady Stardust failed to identify any significant gold mineralisation.

Mainland

During the quarter the Company entered into an Option Agreement to acquire 100% of the non-alluvial gold rights to the Mainland Project (see *MGV ASX announcement 6 March 2019, "Musgrave Secures More Key Gold Tenure at Cue"*). The Project covers the northern extension of the shear corridor that hosts Musgrave's Break of Day and Lena gold deposits and its new Lake Austin North gold discovery. The acquisition delivers on the Company's strategy to secure additional priority gold tenure in the district

The Project has a long history of alluvial and high-grade basement gold production and significant untested basement gold potential. The compilation of historical data is progressing well with targets currently being prioritised for basement drilling. We expect basement drilling to commence late in the June quarter.

Other Projects

Musgrave currently holds tenements in the Musgrave region and Gawler Craton region (Corunna Project) of South Australia. During the period Petrathern Ltd withdrew from the Corunna Joint Venture in South Australia.

Ongoing Exploration and Corporate Activities

- Assay results are awaited from the current diamond drilling program at A-Zone, Lake Austin North. These results are expected in mid-late May
- The regional lake aircore drilling program on Lake Austin will continue through to early May with results expected through to late June
- An RC drilling program to test gold targets at Mainland is currently being planned and will be scheduled for late in the June quarter
- A regional detailed aeromagnetic survey is currently being scheduled for the June quarter
- Musgrave is continuing development studies on the Break of Day and Lena gold deposits to evaluate options to optimise cash flow and maximise shareholder returns
- Discussions are ongoing regarding options for the mining and processing of existing gold resources at Cue

Notes Specific – March 2019 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:

- 15/01/2019 Diamond Drilling Extends Gold Mineralisation at A-Zone
- 19/01/2019 Change in Director's Interest Notice
- 29/01/2019 Quarterly Activities and Cashflow Reports
- 19/02/2019 Earn-In JV to Advance Base Metal Exploration at Cue
- 20/02/2019 RIU Explorers Conference – Company Presentation
- 28/02/2019 Aircore Drilling Identifies New Basement Targets
- 04/03/2019 Cue Development Options
- 06/03/2019 Musgrave Secures More Key Gold Tenure at Cue
- 11/03/2019 Drilling Update, A-Zone Lake Austin North
- 13/03/2019 Half Yearly Accounts
- 27/03/2019 New High-Grade Hit Highlights System Potential
- 09/04/2019 Notice of General Meeting/Proxy Form



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Enquiries:

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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 resources through discovery and extensional drilling to underpin studies that will demonstrate a viable path to near-term development. 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.

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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	100%	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	Surrendered	100%	0%
P20/2279	Cue	WA	Granted	100%	100%
L20/57	Cue	WA	Granted	100%	100%
E21/200	Cue	WA	Granted	100%	100%
P21/757	Cue	WA	Granted	100%	100%
E21/208	Cue	WA	Granted	0%	100%
P21/731	Cue	WA	Optioned	0%	0%
P21/732	Cue	WA	Optioned	0%	0%
P21/735	Cue	WA	Optioned	0%	0%
P21/736	Cue	WA	Optioned	0%	0%
P21/737	Cue	WA	Optioned	0%	0%
P21/739	Cue	WA	Optioned	0%	0%
P21/741	Cue	WA	Optioned	0%	0%

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 2019

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	(1,943)	(4,598)
(b) development	-	-
(c) production	-	-
(d) staff costs	(49)	(119)
(e) administration and corporate costs	(114)	(409)
1.3 Dividends received (see note 3)	-	-
1.4 Interest received	23	75
1.5 Interest and other costs of finance paid	-	-
1.6 Income taxes paid	-	-
1.7 Research and development refunds	-	-
1.8 Other (provide details if material)	-	-
1.9 Net cash from / (used in) operating activities	(2,083)	(5,051)

2. Cash flows from investing activities		
2.1 Payments to acquire:		
(a) property, plant and equipment	(23)	(55)
(b) tenements (see item 10)	(125)	(125)
(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	(148)	(180)

3.	Cash flows from financing activities		
3.1	Proceeds from issues of shares	-	5,500
3.2	Proceeds from issue of convertible notes	-	-
3.3	Proceeds from exercise of share options	-	-
3.4	Transaction costs related to issues of shares, convertible notes or options	-	(344)
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	-	5,156

4.	Net increase / (decrease) in cash and cash equivalents for the period		
4.1	Cash and cash equivalents at beginning of period	7,386	5,230
4.2	Net cash from / (used in) operating activities (item 1.9 above)	(2,083)	(5,051)
4.3	Net cash from / (used in) investing activities (item 2.6 above)	(148)	(180)
4.4	Net cash from / (used in) financing activities (item 3.10 above)	-	5,156
4.5	Effect of movement in exchange rates on cash held	-	-
4.6	Cash and cash equivalents at end of period	5,155	5,155

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	529	510
5.2 Call deposits	4,626	6,876
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)	5,155	7,386

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
176
-

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
-
-

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	1,300
9.2 Development	-
9.3 Production	-
9.4 Staff costs	50
9.5 Administration and corporate costs	130
9.6 Other (provide details if material)	-
9.7 Total estimated cash outflows	1,480

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	P20/2219 (WA)	Surrendered	100%	0%
10.2 Interests in mining tenements and petroleum tenements acquired or increased	P21/0731 (WA) ⁽¹⁾	Option to acquire	0%	0%
	P21/0732 (WA) ⁽¹⁾	Option to acquire	0%	0%
	P21/0735 (WA) ⁽¹⁾	Option to acquire	0%	0%
	P21/0736 (WA) ⁽¹⁾	Option to acquire	0%	0%
	P21/0737 (WA) ⁽¹⁾	Option to acquire	0%	0%
	P21/0739 (WA) ⁽¹⁾	Option to acquire	0%	0%
	P21/0741 (WA) ⁽¹⁾	Option to acquire	0%	0%
	E21/0208 (WA)	Granted	0%	100%

Note (1): on 6 March 2019 the Company announced that it had entered into an Option Agreement to acquire 100% of the non-alluvial gold rights to the Mainland Project in the Cue district of WA's Murchison Goldfields.

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: 23 April 2019

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.