

September 2016 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: 180M
Cash Balance: \$4.4M
ABN: 12 143 890 671

Directors

Graham Ascough
Robert Waugh
Kelly Ross
John Percival

Top shareholders

Silver Lake Resources Ltd
Independence Group NL
ABN AMRO Clearing Sydney Nominees
Barrick (Australia Pacific) Ltd

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Highlights

Cue Project

Gold

Break of Day

- Strong RC drilling results continue from the Break of Day Prospect including:
 - 21m @ 21.5g/t Au from 157m down hole including;
 - 6m @ 41.4g/t Au; and
 - 1m @ 32.6g/t Au; and
 - 3m @ 51.8g/t Au
 - 5m @ 53.5g/t Au from 138m down hole including;
 - 1m @ 183.1g/t Au
 - 3m @ 54.9g/t Au from 187m down hole including;
 - 1m @ 142.8g/t Au
 - 3m @ 38.6g/t Au from 274m down hole including;
 - 1m @ 100.5g/t Au
 - 2m @ 36.8g/t Au from 101m down hole
- Break of Day mineralisation is open to the north, south and down plunge
- Diamond drilling to commence in early-mid November at Break of Day

Copper-Gold

- DHEM surveys have identified off-hole basement conductors at Mt Eelya and Hunky Dory for further drill testing
- A surface ground EM survey has commenced to help prioritise base metal targets for drill testing

Corporate

- A total of \$3.234 million raised through two Placements (\$1.25 million) and a heavily oversubscribed Share Purchase Plan (\$1.984 million)

Introduction

Musgrave Minerals Ltd (“Musgrave” or “the Company”) (ASX:MGV) is an Australian gold and base metal exploration company focused on growth through the discovery and development of gold and base metal resources within Australia.

The Company’s focus is on gold and base metal exploration at the Cue Project in the Murchison Province of Western Australia. Our aim is to advance targets through discovery and extensional drilling to define sufficient resources to underpin a profitable near-term development scenario.

Exploration for the quarter focused on drilling at the Break of Day gold prospect at the Cue Project in Western Australia. The drilling has identified high grade gold mineralisation at Break of Day in two parallel gold lodes.

Musgrave also has projects in the Fraser Range region of Western Australia and the Musgrave Geological Province and Southern Gawler Craton regions of South Australia (Figure 1).

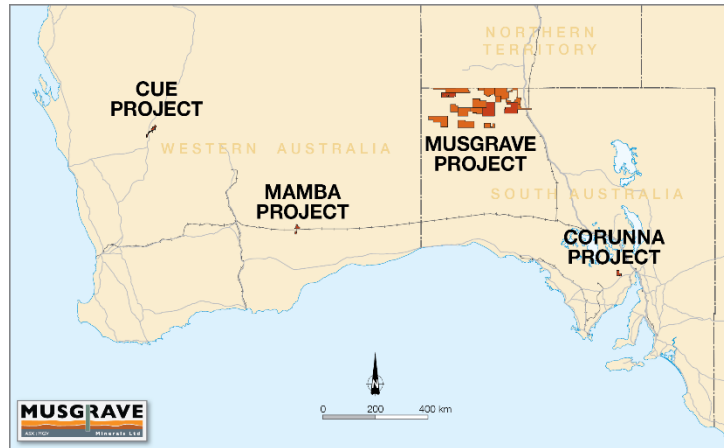


Figure 1: Musgrave Minerals' Project Location Map

Corporate

During the period, the Company progressed exploration as summarised in the Exploration Activities section of this report. At the end of the September 2016 quarter, the Company held \$4.4 million in cash.

During the quarter Musgrave completed a capital raising to accelerate drilling at the Cue Project. The capital raising comprised placements totalling \$1.25 million to sophisticated & professional investors and a heavily oversubscribed Share Purchase Plan (“SPP”) raising \$1.984 million for a total of \$3.234 million.

Musgrave is continuing to develop its links with state and federal government research organisations in the regions in which it operates.

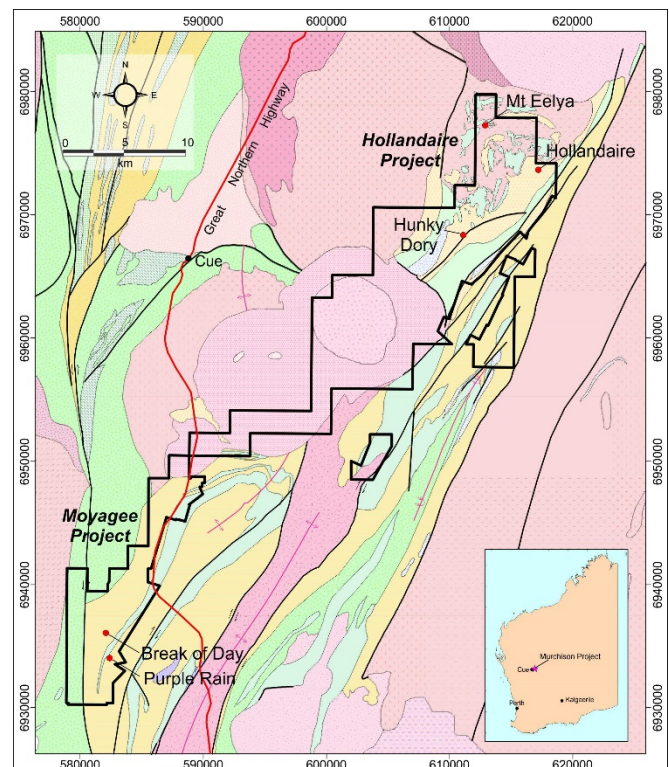


Figure 2: Cue project location plan comprising Hollandaire & Moyagee



Exploration Activities

Cue Project

Musgrave Minerals Ltd earning up to 80%

The Cue Project (Figure 2) 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 hosts 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. 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.

During the quarter the Company completed a reverse circulation (“RC”) drilling program with the main focus on the high grade gold mineralisation identified at Break of Day.

The RC drill programs were completed in October 2016. The drill programs comprised 54 drill holes for a total of 9,821 metres testing extensions of gold mineralisation at Break of Day, Purple Rain and Hunky Dory. Single drill holes were also completed at Mt Eelya and Hollandaire East to test new base metal targets. A down hole electromagnetic (“DHEM”) survey identified off hole conductors at Mt Eelya and Hunky Dory for further drill testing.

Break of Day

The Break of Day prospect is part of the Moyagee Project and hosts a combined JORC (2012) and JORC (2004) compliant Mineral Resource of 1.93Mt @ 2.0g/t Au for 126,900oz contained gold within four separate deposits; Lena, Leviticus, Numbers and Break of Day. Break of Day has a JORC 2004 compliant Inferred Mineral Resource of 335,700t @ 1.91g/t for 20,600oz of contained gold (MGV ASX announcement 25 November 2015: “Musgrave Secures Advanced Gold and Copper Project”).

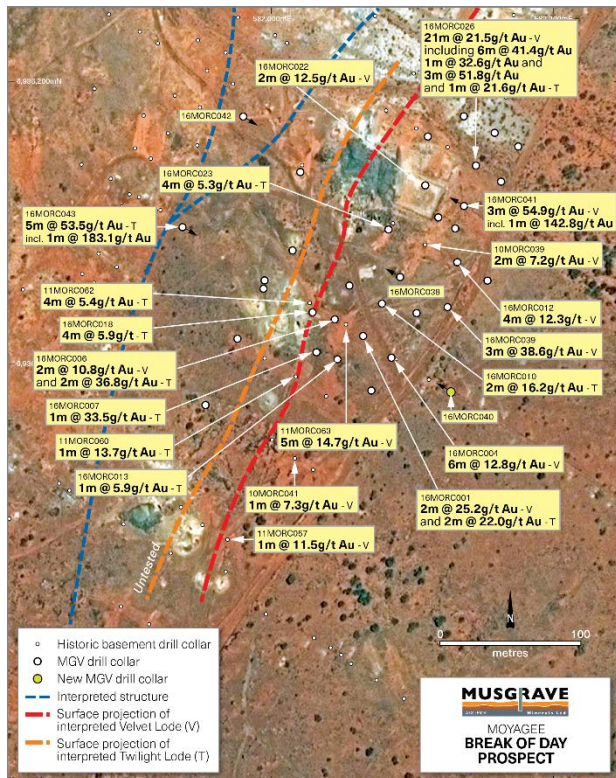


Figure 3: Musgrave RC drill hole locations at Break of Day on landsat image

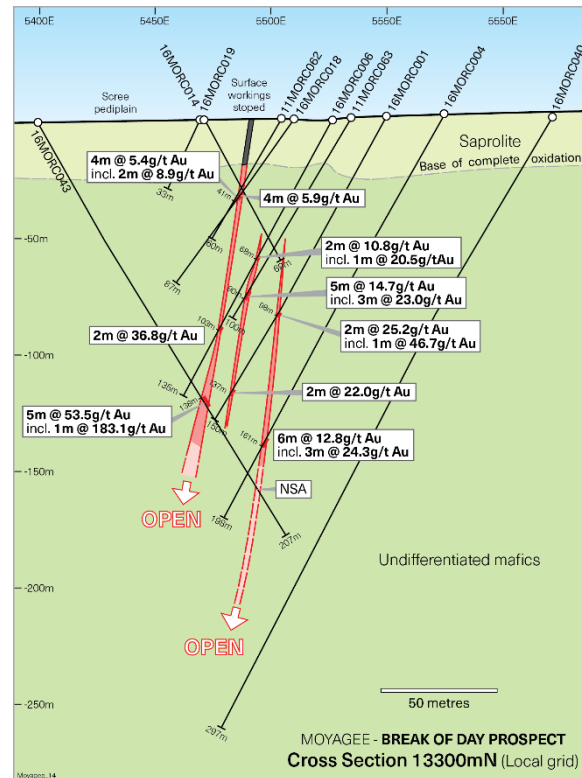


Figure 4: Break of Day cross section showing RC drill holes on section 13300mN (local grid)

Quarterly Activities Report for the period ended 30 September 2016

The Company is focused on increasing high grade gold resources to underpin studies that will define a clear path to development.

A total of 48 RC drill holes have been completed for over 9,011 metres in the two RC drilling programs completed at Break of Day during the quarter. Encouraging high grade gold results have been intersected at Break of Day during the quarter (*Table 1*).

The mineralisation at Break of Day is interpreted to occur in vertical to steep westerly dipping, semi-parallel quartz lodes (Velvet Lode and Twilight lode) hosting high grade gold (*Figure 4*) with minor (1-2%) pyrite, within a basaltic stratigraphic sequence. The separation of the Velvet and Twilight gold lodes varies along strike from 15 to 60 metres. The gold mineralisation can be traced over a strike extent of more than 360 metres (*Figure 3*) and is currently open to the north and south and down plunge (*Figure 5 and 6*).

Musgrave is planning a diamond drilling program at Break of Day to commence in early-mid November. The objective of the program is to confirm geological interpretations, analytical results and rock density measurement to enable the progression of resource calculations.

Drill Hole #	Intersection	Down Hole Depth (From)
16MORC026	21m @ 21.5g/t Au, including:	157m
	• 6m @ 41.4g/t Au	157m
	• 1m @ 32.6g/t Au	166m
	• 3m @ 51.8g/t Au	170m
	1m @ 21.6g/t Au	195m
16MORC043	5m @ 53.5g/t Au, including:	138m
	• 1m @ 183.1g/t Au	138m
16MORC041	3m @ 54.9g/t Au, including:	187m
	• 1m @ 142.8g/t Au	188m
16MORC039	3m @ 38.6g/t Au, including:	274m
	• 1m @ 100.5g/t Au	275m
16MORC006	2m @ 36.8g/t Au	101m
	2m @ 10.8g/t Au	66m
16MORC007	1m @ 33.5g/t Au	80m
16MORC010	2m @ 16.2g/t Au	196m
16MORC012	4m @ 12.3g/t Au	189m
16MORC022	2m @ 12.5g/t Au	101m
16MORC018	4m @ 5.9g/t Au	36m
16MORC023	4m @ 5.3g/t Au	168m

Table 1: High grade gold intersections from Break of Day (see ASX MGV announcements 2 August 2016, 12 August 2016, 19 August 2016, 23 September 2016, 10 October 2016, 18 October 2016; for further details)

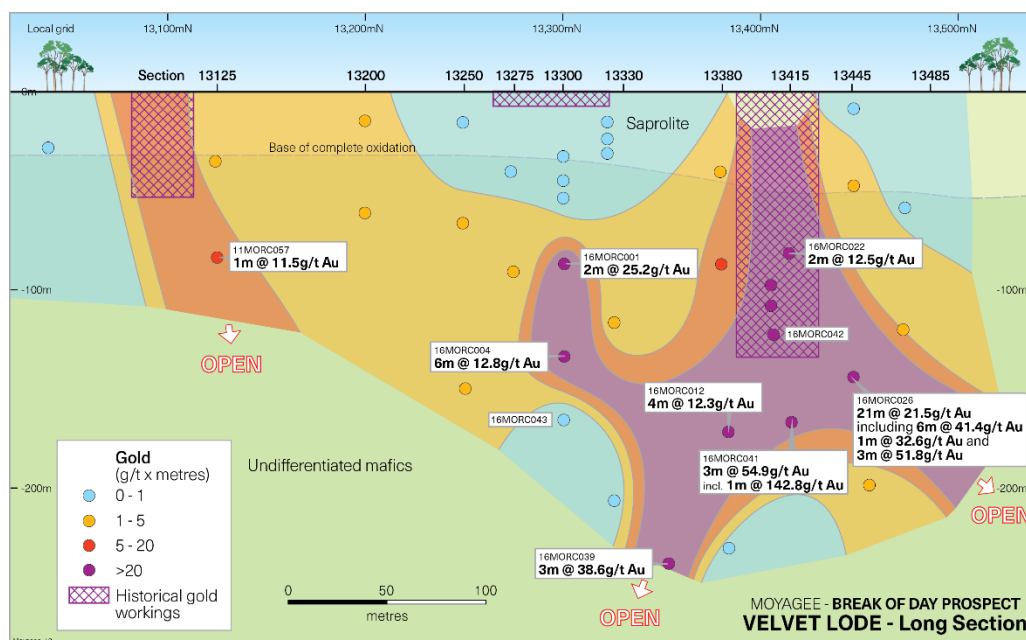


Figure 5: Break of Day long section of Velvet gold lode (a long section or longitudinal section is a section along the plane of the lode and in this instance shows gold grade x thickness)

Quarterly Activities Report for the period ended 30 September 2016

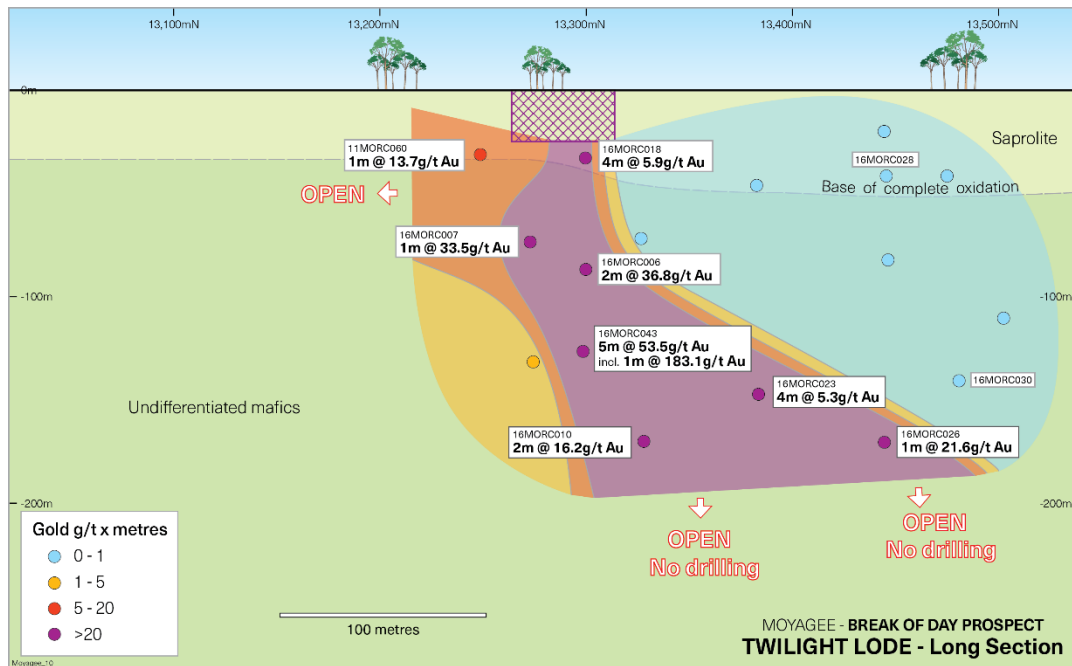


Figure 6: Break of Day long section of the Twilight gold lode

Other Targets at the Cue Project

Drilling at Purple Rain intersected 1m @ 1.6g/t gold from 26m in the weathered zone. RC drilling at Mt Elya and Hollandaire East intersected weak base metal anomalism with DHEM surveys identifying conductors at Mt Elya and Hunky Dory.

A surface electromagnetic (“EM”) survey has commenced on the Cue Project to identify basement conductors that may reflect massive copper-gold sulphide mineralisation. The planned ground EM survey will cover up to 15 separate targets identified from the airborne versatile time-domain electromagnetic (“VTEM”) survey flown earlier in 2016 and will define and prioritise targets for drill testing.

Other Projects

Musgrave currently holds tenements in the Fraser Range region of Western Australia and the Musgrave and Southern Gawler Craton regions of South Australia. No field activity was completed on these projects during the quarter.

Quarterly Activities Report for the period ended 30 September 2016

Notes Specific – September 2016 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:

- 04/07/2016 Oversubscribed Placement and Fully U/W SPP to Raise \$2M
- 06/07/2016 BRR Interview – Exploration Update & Capital Raising
- 08/07/2016 Share Purchase Plan – Offer Document
- 12/07/2016 Notice of General Meeting & Proxy Form
- 13/07/2016 New Untested Gold Target
- 21/07/2016 June 2016 Quarterly Activities and Cashflow Report
- 22/07/2016 Drilling Re-Commences at Break of Day
- 02/08/2016 More High Grade Gold at Break of Day
- 09/08/2016 Share Purchase Plan Closed Heavily Oversubscribed
- 09/08/2016 General Meeting – Withdrawal of Resolution
- 12/08/2016 Gold Mineralisation Extended at Break of Day
- 12/08/2016 Placement
- 19/08/2016 Gold Continues at Break of Day
- 24/08/2016 Company Presentation – Mining 2016 Resources Convention
- 30/08/2016 Gold Drilling Re-Commences at Break of Day
- 01/09/2016 Boardroom Media - Gold Drilling Re-Commences at Break of Day
- 22/09/2016 Annual Report
- 22/09/2016 Corporate Governance Statement
- 23/09/2016 Highest Grade Gold to Date at Break of Day
- 10/10/2016 Strong Gold Results Continue at Break of Day
- 18/10/2016 More Strong Gold Results at Break of Day

For enquiries contact:

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Musgrave Minerals Ltd

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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 three mining and exploration companies currently participating as cornerstone investors.

Competent Person's Statement Exploration Targets and 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 report has been prepared by Musgrave Minerals Ltd (MGV). The information contained in this report is a professional opinion only and is given in good faith. Certain information in this document has been derived from third parties and though Musgrave Minerals has no reason to believe that it is not accurate, reliable or complete, it has not been independently audited or verified by MGV.

This report is in summary form and does not purport to be all inclusive or complete. Recipients should conduct their own investigations and perform their own analysis in order to satisfy themselves as to the accuracy and completeness of the information, statements and opinions contained.

This is for information purposes only. Neither this nor the information contained in it constitutes an offer, invitation, solicitation or recommendation in relation to the purchase or sale of MGV shares in any jurisdiction. This does not constitute investment advice and has been prepared without taking into account the recipient's investment objectives, financial circumstances or particular needs and the opinions and recommendations in this presentation are not intended to represent recommendations of particular investments to particular persons. Recipients should seek professional advice when deciding if an investment is appropriate. All securities transactions involve risks, which include (among others) the risk of adverse or unanticipated market, financial or political developments.

To the fullest extent permitted by law, MGV, its officers, employees, related bodies corporate, agents and advisers do not make any representation or warranty, express or implied, as to the currency, accuracy, reliability or completeness of any information, statements, opinions, estimates, forecasts or other representations contained in this report. No responsibility for any errors or omissions from this arising out of negligence or otherwise is accepted.

Any forward-looking statements included in this document involve subjective judgment and analysis and are subject to uncertainties, risks and contingencies, many of which are outside the control of, and may be unknown to, MGV. In particular, they speak only as of the date of this document, they assume the success of MGV's strategies, and they are subject to significant regulatory, business, competitive and economic uncertainties and risks. Actual future events may vary materially from the forward-looking statements and the assumptions on which the forward-looking statements are based. Recipients of this document (Recipients) are cautioned to not place undue reliance on such forward-looking statements.

Quarterly Activities Report for the period ended 30 September 2016

Tenement information in accordance with Listing Rule 5.3.3

Tenement ID	Previous Tenement ID	Project	State	Status	MGV Interest at start of quarter	MGV Interest at end of quarter
EL4850		Musgrave	SA	Granted	100%	100%
EL5175	EL3955	Musgrave	SA	Granted	100%	100%
EL5497		Corunna	SA	Granted	100%	100%
E28/2405		Mamba	WA	Granted	100%	100%
E28/2404		Mamba South	WA	Granted	0%	100%
E58/507		Cue	WA	Granted	0%	100%
E20/606		Cue	WA	Granted	0%	0% (MGV earning up to 80%)
E20/608		Cue	WA	Granted	0%	0% (MGV earning up to 80%)
E20/616		Cue	WA	Granted	0%	0% (MGV earning up to 80%)
E20/630		Cue	WA	Granted	0%	0% (MGV earning up to 72%)
E20/659		Cue	WA	Granted	0%	0% (MGV earning up to 72%)
E20/836		Cue	WA	Granted	0%	0% (MGV earning up to 80%)
E21/144		Cue	WA	Granted	0%	0% (MGV earning up to 80%)
E20/629		Cue	WA	Granted	0%	0% (MGV earning up to 80%)
E20/659		Cue	WA	Granted	0%	0% (MGV earning up to 80%)
E20/698		Cue	WA	Granted	0%	0% (MGV earning up to 80%)
E20/699		Cue	WA	Granted	0%	0% (MGV earning up to 80%)
E20/700		Cue	WA	Granted	0%	0% (MGV earning up to 80%)
E20/779		Cue	WA	Granted	0%	0% (MGV earning up to 80%)
E21/129		Cue	WA	Granted	0%	0% (MGV earning up to 80%)
E21/163		Cue	WA	Granted	0%	0% (MGV earning up to 80%)
E21/177		Cue	WA	Granted	0%	0% (MGV earning up to 80%)
E58/335		Cue	WA	Granted	0%	0% (MGV earning up to 80%)
M20/225		Cue	WA	Granted	0%	0% (MGV earning up to 80%)
M20/245		Cue	WA	Granted	0%	0% (MGV earning up to 80%)
M20/277		Cue	WA	Granted	0%	0% (MGV earning up to 80%)
M21/106		Cue	WA	Granted	0%	0% (MGV earning up to 80%)
M21/107		Cue	WA	Granted	0%	0% (MGV earning up to 80%)
M58/224		Cue	WA	Granted	0%	0% (MGV earning up to 80%)
M58/225		Cue	WA	Granted	0%	0% (MGV earning up to 80%)
P20/2038		Cue	WA	Granted	0%	0% (MGV earning up to 80%)
P20/2039		Cue	WA	Granted	0%	0% (MGV earning up to 80%)
P20/2040		Cue	WA	Granted	0%	0% (MGV earning up to 80%)
P20/2041		Cue	WA	Granted	0%	0% (MGV earning up to 80%)
P20/2042		Cue	WA	Granted	0%	0% (MGV earning up to 80%)
P20/2094		Cue	WA	Granted	0%	0% (MGV earning up to 80%)
P20/2219		Cue	WA	Granted	0%	0% (MGV earning up to 80%)
L20/57		Cue	WA	Granted	0%	0% (MGV earning up to 80%)
EL5317		Musgrave	SA	Surrendered	100%	0%
EL5172	EL3941	Musgrave	SA	Surrendered	100%	0%
EL5173	EL3942	Musgrave	SA	Surrendered	100%	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")

30 SEPTEMBER 2016

Consolidated statement of cash flows	Current quarter \$A'000	Year to date (3 months) \$A'000
1. Cash flows from operating activities		
1.1 Receipts from customers		
1.2 Payments for		
(a) exploration & evaluation	(573)	(573)
(b) development	-	-
(c) production	-	-
(d) staff costs	(29)	(29)
(e) administration and corporate costs	(177)	(177)
1.3 Dividends received (see note 3)	-	-
1.4 Interest received	16	16
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	(763)	(763)
2. Cash flows from investing activities		
2.1 Payments to acquire:		
(a) property, plant and equipment	-	-
(b) tenements (see item 10)	-	-
(c) investments	-	-
(d) other non-current assets	-	-

Consolidated statement of cash flows	Current quarter \$A'000	Year to date (3 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	-	-

3. Cash flows from financing activities		
3.1 Proceeds from issues of shares	3,234	3,234
3.2 Proceeds from issue of convertible notes	-	-
3.3 Proceeds from exercise of share options	9	9
3.4 Transaction costs related to issues of shares, convertible notes or options	(188)	(188)
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	3,055	3,055

4. Net increase / (decrease) in cash and cash equivalents for the period		
4.1 Cash and cash equivalents at beginning of period	2,075	2,075
4.2 Net cash from / (used in) operating activities (item 1.9 above)	(763)	(763)
4.3 Net cash from / (used in) investing activities (item 2.6 above)	-	-
4.4 Net cash from / (used in) financing activities (item 3.10 above)	3,055	3,055
4.5 Effect of movement in exchange rates on cash held	-	-
4.6 Cash and cash equivalents at end of period	4,367	4,367

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	417	125
5.2 Call deposits	3,950	1,950
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)	4,367	2,075

6. Payments to directors of the entity and their associates	Current quarter \$A'000
6.1 Aggregate amount of payments to these parties included in item 1.2	85
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	

Directors' fees, salary payments and superannuation.

7. Payments to related entities of the entity and their associates	Current quarter \$A'000
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	

Mining exploration entity and oil and gas exploration entity quarterly report

8. Financing facilities available

Add notes as necessary for an understanding of the position

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

1,100

9.2 Development

-

9.3 Production

-

9.4 Staff costs

35

9.5 Administration and corporate costs

120

9.6 Other (provide details if material)

9.7 Total estimated cash outflows**1,255**

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	EL5172	Relinquished	100%	0%
		EL5173	Relinquished	100%	0%
		EL5317	Relinquished	100%	0%
10.2	Interests in mining tenements and petroleum tenements acquired or increased	E28/2404	Granted	100%	0%
		E58/507	Granted	100%	0%

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: 27 October 2016

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.