



**ABN 12 143 890 671**

**Half-Year Financial Report  
31 December 2016**

## Corporate Directory

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### Directors

Graham Ascough	Non-Executive Chairman
Robert Waugh	Managing Director
Kelly Ross	Non-Executive Director
John Percival	Non-Executive Director

### Company Secretary

Patricia (Trish) Farr

### Registered Office & Principal Place of Business

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Web: [www.musgraveminerals.com.au](http://www.musgraveminerals.com.au)

### Auditor

Grant Thornton Audit Pty Ltd  
Chartered Accountants  
Level 1, 10 Kings Park Road  
West Perth, WA 6005

### Share Registry

Computershare Investor Services Pty Ltd  
Level 11, 172 St. Georges Terrace  
Perth, WA 6000

### Stock Exchange Listing

The Company is listed on the Australian Securities Exchange Ltd ("ASX")  
Home Exchange: Perth, Western Australia

ASX Code: **MGV**

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## Directors' Report

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Your directors present their report on the consolidated entity consisting of Musgrave Minerals Ltd ("Musgrave" or "the Company") and the entities it controlled ("the Group") at the end of, or during, the half-year ended 31 December 2016.

### DIRECTORS

The following persons were directors of Musgrave Minerals Ltd during the whole of the half-year and up to the date of this report:

Mr Graham Ascough, Non-Executive Chairman  
Mr Robert Waugh, Managing Director  
Mr John Percival, Non-Executive Director  
Ms Kelly Ross, Non-Executive Director

### OPERATING RESULT

The Group's loss for the half year ended 31 December 2016 after providing for income tax amounted to \$1,030,690 (2015: \$396,329).

### PRINCIPAL ACTIVITIES

The principal activities of the Company during the period were:

- *to carry out exploration of mineral tenements, both on a joint venture basis and by the Company in its own right;*
- *to continue to progress exploration licence applications to grant;*
- *to continue to seek extensions of areas held and to seek out new areas with mineral potential;*
- *to evaluate new opportunities for joint venture or acquisition; and*
- *to evaluate results received through surface sampling, geophysical surveys and drilling carried out during the period.*

### REVIEW OF OPERATIONS

Musgrave Minerals Ltd 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 where it currently holds a 60% interest in a Joint Venture with Silver Lake Resources Limited ("Silver Lake") and is earning a further 20%. Our aim is to advance targets through discovery and extensional drilling to define sufficient resources to underpin a profitable near-term development scenario.

Drilling at Cue has identified high grade gold mineralisation at Break of Day and Lena and has discovered massive copper-gold mineralisation at Mt Eelya.

The Company also has projects in the Musgrave Geological Province and Southern Gawler Craton regions of South Australia. Musgrave also had two tenements in the Fraser Range region of Western Australia that were sold to Legend Mining Ltd subsequent to the end of the half-year.

## Directors' Report

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Musgrave has maintained its relationships with government and academic research organisations including the Commonwealth Scientific and Industrial Research Organisation and the Centre for Exploration Targeting to enhance exploration effectiveness in the regions in which it operates.

### Cue Project

Musgrave completed the Stage 1 expenditure of the Cue Project Farm-In and Joint Venture Agreement in February 2017 to earn a 60% interest in the Project and has elected to proceed to Stage 2 of the Cue Joint Venture whereby the Company can increase its interest by 20% to 80%.

The mineralisation at Break of Day is interpreted 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 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 and is currently open down plunge.

Reverse circulation ("RC") and diamond drilling has identified high grade gold mineralisation at Break of Day including:

- 21m @ 21.5g/t Au from 157m (16MORC026),
- 5m @ 53.5g/t Au from 138m (16MORC043),
- 3m @ 54.9g/t Au from 187m (16MORC041),
- 5m @ 33.0g/t Au from 154m (16MORC048),
- 3m @ 38.6g/t Au from 274m (16MORC039) and
- 2m @ 41.5g/t Au from 190m (16MORC052)

*(see ASX releases dated 10 October 2016, 18 October 2016, 3 November 2016 and 9 November 2016)*

Diamond drilling has confirmed the gold mineralisation and includes:

- 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)

*(see ASX release dated 30 January 2017; "Diamond Drilling Confirms High Grade Gold at Break of Day & Extends High Grade Gold at Lena")*

Musgrave is focussed on delineating a high grade gold resource at Break of Day in Q2 2017.

Metallurgical test work has commenced at Break of Day to establish potential gold recoveries and parameters for resource estimation and further studies. Results of the metallurgical tests are expected in the June quarter to align with the resource estimation.

Strong diamond drilling and RC results have confirmed and extended gold mineralisation at the Lena deposit approximately 150m west of Break of Day and include:

- 3.3m @ 19.4g/t Au from 61.7m (16MODD003)
- 7m @ 3.0g/t Au from 34m (16MODD002B)

*(see ASX release dated 30 January 2017; "Diamond Drilling Confirms High Grade Gold at Break of Day & Extends High Grade Gold at Lena")*

## Directors' Report

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Gold was also intersected at the Leviticus and Break of Day South prospects with intercepts of:

- 4m @ 4.0g/t Au at Leviticus from 107m (16MORC057), and
- 4m @ 3.5g/t Au at Break of Day South from 72m (16MORC058)

(see ASX release dated 6 December 2016; "Gold Intersected at Leviticus and Break of Day South")

The use of surface ground EM for base metal exploration has confirmed and prioritised 12 basement conductors for drill testing.

The Cue Project hosts existing Moyagee, Tuckabianna and Hollandaire Mineral Resources and Reserves:

- 1.9Mt @ 2.0g/t Au (126,900oz contained Au) in Resources at Moyagee\*,
- 0.7Mt @ 1.6g/t Au (34,300oz contained Au) in Resources at Hollandaire and Rapier\*,
- 0.3Mt @ 2.8g/t Au (24,000oz contained Au) in Resources at Tuckabianna\*
- 2.0Mt @ 1.9% Cu (38,800t contained Cu) in Resources at Hollandaire\*, and
- 0.4Mt @ 3.3% Cu (14,700t contained Cu) in Reserves at Hollandaire\*.

The Cue Project has significant upside potential and high priority drill ready targets. Extensional drilling has the potential to increase the existing resource base.

*\*Note: Gold and Copper Resources are estimated by Silver Lake and reported in the Silver Lake ASX Announcement dated 26 August 2016: "Mineral Resources and Ore Reserves Update".*

### **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 an 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.*

### **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.*

## Directors' Report

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### **AUDITOR'S INDEPENDENCE DECLARATION**

A copy of the auditor's independence declaration as required under s307C of the *Corporations Act 2001* is included on page 8.

This report is made in accordance with a resolution of the directors.



Mr Graham Ascough  
Chairman

Perth, 9 March 2017

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**Auditor's Independence Declaration  
To The Directors of Musgrave Minerals Limited**

In accordance with the requirements of section 307C of the Corporations Act 2001, as lead auditor for the review of Musgrave Minerals Limited for the half-year ended 31 December 2016, I declare that, to the best of my knowledge and belief, there have been:

- a No contraventions of the auditor independence requirements of the Corporations Act 2001 in relation to the review; and
- b No contraventions of any applicable code of professional conduct in relation to the review.



GRANT THORNTON AUDIT PTY LTD  
Chartered Accountants



M J Hillgrove  
Partner - Audit & Assurance

Perth, 9 March 2017

Grant Thornton Audit Pty Ltd ACN 130 913 594  
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## Consolidated Statement of Profit or Loss and Other Comprehensive Income For the Half-Year Ended 31 December 2016

		Consolidated Group Half-year ended	
		31 December 2016	31 December 2015
		\$	\$
	Note		
Other income		36,737	141,417
Impairment of exploration and evaluation assets	6	(547,325)	(243,040)
Employee benefits expense		(356,186)	(133,156)
Depreciation expense		(7,377)	(11,486)
Other expenses		(156,539)	(150,064)
		<b>(1,030,690)</b>	<b>(396,329)</b>
Loss before income tax expense			
Income tax benefit/(expense)		-	-
		<b>(1,030,690)</b>	<b>(396,329)</b>
Loss from continuing operations			
Loss attributable to members of the parent entity		<b>(1,030,690)</b>	<b>(396,329)</b>
Other comprehensive income		-	-
Total comprehensive income for the period		<b>(1,030,690)</b>	<b>(396,329)</b>
<b>Earnings per share:</b>		<i>Cents</i>	<i>Cents</i>
Basic earnings per share		(0.61)	(0.33)
Diluted earnings per share		(0.61)	(0.33)

*The Consolidated Statement of Profit or Loss and Other Comprehensive Income should be read in conjunction with the accompanying notes.*

**Consolidated Statement of Financial Position  
As at 31 December 2016**

		<b>Consolidated Group</b>	
		<b>31 December</b>	<b>30 June</b>
		<b>2016</b>	<b>2016</b>
<b>Note</b>		<b>\$</b>	<b>\$</b>
<b>CURRENT ASSETS</b>			
	Cash and cash equivalents	2,874,865	2,075,224
	Trade and other receivables	135,132	43,512
	Other current assets	27,089	12,588
	Assets held for sale	190,670	-
	<b>TOTAL CURRENT ASSETS</b>	<b>3,227,756</b>	<b>2,131,324</b>
<b>NON-CURRENT ASSETS</b>			
	Property, plant and equipment	56,063	63,440
	Exploration and evaluation assets	7,235,402	6,020,245
	<b>TOTAL NON-CURRENT ASSETS</b>	<b>7,291,465</b>	<b>6,083,685</b>
	<b>TOTAL ASSETS</b>	<b>10,519,221</b>	<b>8,215,009</b>
<b>CURRENT LIABILITIES</b>			
	Trade and other payables	353,663	243,536
	Short-term provisions	53,490	47,525
	<b>TOTAL CURRENT LIABILITIES</b>	<b>407,153</b>	<b>291,061</b>
<b>NON-CURRENT LIABILITIES</b>			
	Long-term provisions	37,537	32,359
	<b>TOTAL NON-CURRENT LIABILITIES</b>	<b>37,537</b>	<b>32,359</b>
	<b>TOTAL LIABILITIES</b>	<b>444,690</b>	<b>323,420</b>
	<b>NET ASSETS</b>	<b>10,074,531</b>	<b>7,891,589</b>
<b>EQUITY</b>			
	Issued capital	29,849,072	26,793,899
	Reserves	219,092	64,503
	Accumulated losses	(19,993,633)	(18,966,813)
	<b>TOTAL EQUITY</b>	<b>10,074,531</b>	<b>7,891,589</b>

*The Consolidated Statement of Financial Position should be read in conjunction with the accompanying notes.*

## Consolidated Statement of Changes in Equity For the Half Year Ended 31 December 2016

	Consolidated Group			
	Issued Capital \$	Share Option Reserve \$	Accumulated Losses \$	Total Equity \$
<b>Balance at 1 July 2015</b>	<b>26,718,899</b>	<b>2,858,705</b>	<b>(15,669,869)</b>	<b>13,907,735</b>
Shares issued	75,000	-	-	75,000
Share based payments	-	1,253	-	1,253
Total comprehensive loss for the period	-	-	(396,329)	(396,329)
<b>Balance at 31 December 2015</b>	<b>26,793,899</b>	<b>2,859,958</b>	<b>(16,066,198)</b>	<b>13,587,659</b>
<b>Balance at 1 July 2016</b>	<b>26,793,899</b>	<b>64,503</b>	<b>(18,966,813)</b>	<b>7,891,589</b>
Shares issued	3,242,998	-	-	3,242,998
Share issue costs	(187,825)	-	-	(187,825)
Transfer from share option reserve due to exercise of options	-	(3,870)	3,870	-
Issue of options to directors	-	158,459	-	158,459
Total comprehensive loss for the period	-	-	(1,030,690)	(1,030,690)
<b>Balance at 31 December 2016</b>	<b>29,849,072</b>	<b>219,092</b>	<b>(19,993,633)</b>	<b>10,074,531</b>

*The Consolidated Statement of Changes in Equity should be read in conjunction with the accompanying notes.*

**Consolidated Statement of Cash Flows  
For the Half Year Ended 31 December 2016**

	Note	Consolidated Group	
		Half year ended 31 Dec 2016 \$	Half year ended 31 Dec 2015 \$
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Payments to suppliers and employees		(552,142)	(317,410)
Interest received		22,236	38,795
<b>NET CASH FLOWS USED IN OPERATING ACTIVITIES</b>		<b>(529,906)</b>	<b>(278,615)</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Payments for property, plant and equipment		-	(2,468)
Proceeds from sale of property, plant and equipment		-	7,000
Payments for exploration activities		(1,725,626)	(874,423)
<b>NET CASH FLOWS USED IN INVESTING ACTIVITIES</b>		<b>(1,725,626)</b>	<b>(869,891)</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
Proceeds from issue of shares		3,233,998	-
Proceeds from exercise of options		9,000	-
Share issue costs		(187,825)	-
<b>NET CASH FLOWS FROM FINANCING ACTIVITIES</b>		<b>3,055,173</b>	<b>-</b>
Net decrease in cash and cash equivalents		799,641	(1,148,506)
Cash at the beginning of the period		2,075,224	3,737,403
<b>CASH AT THE END OF THE PERIOD</b>	<b>4</b>	<b>2,874,865</b>	<b>2,588,897</b>

*The Consolidated Statement of Cash Flows should be read in conjunction with the accompanying notes.*

# Notes to the Consolidated Financial Statements

## For the Half-Year Ended 31 December 2016

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### 1. CORPORATE INFORMATION

The financial report of Musgrave Minerals Limited (“the Company”) for the half-year ended 31 December 2016 was authorised for issue in accordance with a resolution of the directors on 9 March 2017.

The Company’s principal activities are to carry out exploration of mineral tenements, to continue to seek extensions of areas held and to seek out new areas with mineral potential and to evaluate results achieved through surface sampling, geophysical surveys and drilling activities.

Musgrave Minerals Limited is a company incorporated in Australia and limited by shares which are quoted on the Australian Securities Exchange.

### 2. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES

#### (a) Basis of Preparation

This condensed consolidated interim financial report for the half-year reporting period ended 31 December 2016 has been prepared in accordance with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Act 2001*.

This condensed consolidated interim financial report does not include all of the notes of the type normally included in an annual financial report. Accordingly, this report is to be read in conjunction with the annual report for the year ended 30 June 2016 and any public announcements made by Musgrave Minerals Limited during the interim reporting period in accordance with the continuous disclosure requirements of the *Corporations Act 2001* and the ASX Listing Rules.

The accounting policies adopted are consistent with those of the previous financial year and corresponding interim reporting period.

The half-year financial report has been prepared on an historical cost basis, except where stated. For the purpose of preparing the half-year financial report, the half-year has been treated as a discrete reporting period.

#### (b) Adoption of new and revised Accounting Standards

The Group has adopted all of the new and revised Standards and Interpretations issued by the Australia Accounting Standards Board (“AASB”) that are relevant to its operations and effective for the current half year reporting period. The adoption of all of the new and revised Standards and Interpretations has not resulted in any changes to the Company’s/Group’s accounting policies and has had no material effect on the amounts reporting for the current or prior periods.

# Notes to the Consolidated Financial Statements

## For the Half-Year Ended 31 December 2016

### 2. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (continued)

#### (c) Critical accounting estimates and judgements

The preparation of financial reports requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expenses. Actual results may differ from these estimates.

In preparing the interim consolidated financial statements, the significant judgements made by management in applying the Group's accounting policies and the key sources of estimation uncertainty were consistent with those that applied to the annual consolidated financial statements as at and for the year ended 30 June 2016.

### 3. SEGMENT INFORMATION

The Group continues to operate in one geographical segment, being Australia and in one operating category, being mineral exploration and evaluation.

The Board has considered the requirements of AASB 8 *Operating Segments* and the internal reports that are reviewed by the chief operating decision maker (the Managing Director) in allocating resources and have concluded at this time that there are no separately identifiable segments.

Consolidated	
31 December	30 June
2016	2016
\$	\$

### 4. CASH AND CASH EQUIVALENTS

Cash at bank and in hand	124,865	125,224
Short-term deposits	2,750,000	1,950,000
	<b>2,874,865</b>	<b>2,075,224</b>

### 5. ASSETS HELD FOR SALE

Tenements held for sale	190,670	-
	<b>190,670</b>	<b>-</b>

The tenements subject to the Tenement Sale Agreement with Legend Mining Limited are held at their recoverable value as determined by the agreed sale price (refer note 12 below).

### 6. EXPLORATION AND EVALUATION ASSETS

Exploration and evaluation assets	7,235,402	6,020,245
	<b>7,235,402</b>	<b>6,020,245</b>

## Notes to the Consolidated Financial Statements For the Half-Year Ended 31 December 2016

### 6. EXPLORATION AND EVALUATION ASSETS (continued)

Consolidated Group	Total \$
Balance 1 July 2016	6,020,245
Additions through expenditure capitalised	1,953,152
Transfers to assets held for sale (refer note 12)	(190,670)
Impairment of assets held for sale	(516,741)
Impairment of tenements *	(30,584)
Balance at 31 December 2016	<u>7,235,402</u>

\*During the half year ended 31 December 2016, a total of \$547,325 (2015: \$243,040) has been taken as an impairment of the consolidated Group's exploration and evaluation assets.

### 7. COMMITMENTS AND CONTINGENCIES

As at the reporting date there has been no material change in the commitments and contingencies since the 30 June 2016 annual report.

### 8. ISSUED CAPITAL

	Consolidated	
	31 December 2016 \$	30 June 2016 \$
<b>Issued Capital</b>		
Ordinary shares	29,849,072	26,793,899
<b>Movement in ordinary shares on issue</b>	<b>Number</b>	<b>\$</b>
At 1 July 2015	121,000,000	26,718,899
Issue of shares to Silver Lake Resources	4,032,258	75,000
At 31 December 2015	<u>125,032,258</u>	<u>26,793,899</u>
At 1 July 2016	125,032,258	26,793,899
Placement – 6 July 2016	12,711,864	750,000
Exercise of Employee Options – 20 July 2016	200,000	9,000
Share Purchase Plan – 11 August 2016	33,627,084	1,983,998
Placement – 16 August 2016	8,474,576	500,000
Share issue costs	-	(187,825)
At 31 December 2016	<u>180,045,782</u>	<u>29,849,072</u>

## Notes to the Consolidated Financial Statements For the Half-Year Ended 31 December 2016

### 9. SHARE BASED PAYMENTS

At the Company's Annual General Meeting held on 3 November 2016, shareholders approved the issue of 3,750,000 options to directors. The fair value of these options was determined using a Black Scholes pricing model. The following table lists the inputs to the model for options granted during the six months ended 31 December 2016:

Inputs	Issue O	Issue P	Issue Q
Exercise price	\$0.045	\$0.1671	\$0.195
Grant date	4 Nov 2016	4 Nov 2016	4 Nov 2016
Expiry date	22 Apr 2021	3 Nov 2019	3 Nov 2021
Share price at grant date	\$0.11	\$0.11	\$0.11
Historical volatility (%)	69.16%	69.16%	69.16%
Risk-free interest rate (%)	1.84%	1.67%	1.84%
Expected dividend yield (%)	0%	0%	0%

The expense for the half-year was \$158,459 (2015: \$1,253).

### 10. DIVIDENDS

No dividends have been declared or paid during the half-year.

### 11. FAIR VALUE MEASUREMENT OF FINANCIAL INSTRUMENTS

Due to their short term nature, the carrying amounts of current receivables and current payables is assumed to approximate their fair value.

### 12. EVENTS SUBSEQUENT TO THE REPORTING DATE

On 27 February 2017 the Company announced that it has entered into a Tenement Sale Agreement ("Agreement") with Legend Mining Limited (ASX: LEG) ("Legend") in respect of the Company's non-core tenements in the Fraser Range area of Western Australia. Under the terms of the Agreement, Musgrave will transfer to Legend 100% of its interests in tenements E28/2404 and E28/2405 and as consideration for the sale will receive 10,000,000 fully paid ordinary shares in Legend (which will be freely tradeable) and 10,000,000 unlisted options exercisable at \$0.04 expiring 30 March 2021.

No other matters or circumstances have arisen since the end of the half year which significantly affect or may significantly affect the operations of the Group, the results of those operations, or the state of affairs in future years.



## Directors' Declaration

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In the opinion of the directors of Musgrave Minerals Ltd:

- (a) the consolidated financial statements and notes of Musgrave Minerals Ltd are in accordance with the *Corporations Act 2001*, including:
  - (i) giving a true and fair view of its financial position as at 31 December 2016 and of its performance for the half-year ended on that date; and
  - (ii) comply with Accounting Standard AASB 134 *Interim Financial Reporting*; and
- (b) there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

On behalf of the Board



Mr Graham Ascough  
Chairman

9 March 2017

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## **Independent Auditor's Review Report To the Members of Musgrave Minerals Limited**

We have reviewed the accompanying half-year financial report of Musgrave Minerals Limited (“the Company”), which comprises the consolidated financial statements being the statement of financial position as at 31 December 2016, and the statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the half-year ended on that date, notes comprising a statement or description of accounting policies, other explanatory information and the directors’ declaration of the consolidated entity, comprising both the Company and the entities it controlled at the half-year’s end or from time to time during the half-year.

### **Directors’ responsibility for the half-year financial report**

The directors of Musgrave Minerals Limited are responsible for the preparation of the half-year financial report that gives a true and fair view in accordance with Australian Accounting Standards and the Corporations Act 2001 and for such controls as the directors determine is necessary to enable the preparation of the half-year financial report that is free from material misstatement, whether due to fraud or error.

### **Auditor’s responsibility**

Our responsibility is to express a conclusion on the consolidated half-year financial report based on our review. We conducted our review in accordance with the Auditing Standard on Review Engagements ASRE 2410 Review of a Financial Report Performed by the Independent Auditor of the Entity, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the half-year financial report is not in accordance with the Corporations Act 2001 including: giving a true and fair view of the Musgrave Minerals Limited consolidated entity’s financial position as at 31 December 2016 and its performance for the half-year ended on that date; and complying with Accounting Standard AASB 134 Interim Financial Reporting and the Corporations Regulations 2001. As the auditor of Musgrave Minerals Limited, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

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A review of a half-year financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

**Independence**

In conducting our review, we complied with the independence requirements of the Corporations Act 2001.

**Conclusion**

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the half-year financial report of Musgrave Minerals Limited is not in accordance with the Corporations Act 2001, including:

- a giving a true and fair view of the consolidated entity's financial position as at 31 December 2016 and of its performance for the half-year ended on that date; and
- b complying with Accounting Standard AASB 134 Interim Financial Reporting and Corporations Regulations 2001.



GRANT THORNTON AUDIT PTY LTD  
Chartered Accountants



M J Hillgrove  
Partner - Audit & Assurance

Perth, 9 March 2017