



# **HALF-YEAR FINANCIAL REPORT**

**31 December 2017**

ABN 12 143 890 671

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## 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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### AUDITOR

Grant Thornton Audit Pty Ltd  
Chartered Accountants  
Level 43 Central Park  
152-158 St Georges Terrace  
Perth, WA 6000

### 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

## 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 2017.

### 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 2017 after providing for income tax amounted to \$380,567 (2016: \$1,030,690).

### 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;
- continue to progress exploration licence applications to grant;
- continue to seek extensions of areas held and to seek out new areas with mineral potential;
- evaluate new opportunities for joint venture or acquisition;
- evaluate results received through surface sampling, geophysical surveys and drilling carried out during the period; and
- undertake development studies to evaluate options to optimise cash flow and maximise shareholder returns.

### REVIEW OF OPERATIONS

Musgrave Minerals Limited is an active Australian gold and base metals explorer. The Cue Project in the Murchison region of Western Australia is the Company's current focus and it hosts significant gold and copper mineralisation including the high-grade Break of Day resources. 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.

During the period Musgrave acquired 100% of the Cue Project through the exercise of its pre-emptive right. The Cue Project includes gold and copper Mineral Resources and Reserves and has significant upside potential for both gold and copper and high priority drill ready targets.

Musgrave's objective is to increase the Cue project resource base through discovery and extensional drilling to underpin studies that will demonstrate a viable path to development in the near term.

A Farm-in and Joint Venture agreement with Petratherm Limited (ASX: PTR) was executed for the Corunna project in South Australia. Pending the satisfaction of the Conditions Precedent, Petratherm can earn up to 75% through staged expenditure of \$1 million over 2.5 years.

Musgrave Minerals is continuing its relationship with the Centre for Exploration Targeting ("CET") and is continuing research to enhance exploration effectiveness in the regions in which it operates.

## Cue Project

Exploration at Cue has focused on drilling at the Break of Day gold prospect. During the period the Company continued to intersect high-grade gold in reverse circulation ("RC") drilling programs at Break of Day and Lena and delivered a significant resource upgrade for both the Break of Day and Lena gold deposits:

**3.55 Mt @ 3.09 g/t Au for 352,000 ounces of gold** (see *MGV ASX announcement 13 July 2017, "Resource Estimate Exceeds 350koz Gold"*)

The Cue south 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. Together with the northern gold deposits, Jasper Queen, Gilt Edge and Rapier South the total Cue Project gold resources are (Indicated and Inferred) 4.83Mt @ 2.84g/t Au for 441koz Au (see *MGV ASX announcements 13 July 2017, "Resource Estimate Exceeds 350koz Gold" and 24 October 2017, "Annual Report 2017"*).

Subsequent to the resource upgrade in July, drilling continued to intersect high-grade gold at Break of Day outside the resource boundary. The results from this drilling program have extended the high-grade gold mineralisation and have helped to define new high grade shoot plunges for further drill testing. The combined strike extent of both lodes at Break of Day has now been extended to approximately 800m.

Significant drill intercepts outside the resource boundary include:

- 11m @ 54.0g/t Au from 217m (17MORC084);
- 4m @ 9.3g/t Au from 288m (17MORC120);
- 3m @ 9.2g/t Au from 278m (17MORC116);
- 9m @ 4.8g/t Au from 206m (17MORC105);
- 4m @ 4.6g/t Au from 327m (17MORC103); and
- 2m @ 5.35g/t Au from 168m (17MORC102)

(see *ASX releases dated 5 September 2017, 20 September 2017, 10 November 2017 and 8 December 2017*)

Infill drilling was also completed within the resource boundary to increase the confidence in the resource with an aim to upgrade the resources classified as Inferred to Indicated. Significant mineralisation was intersected including 30m @ 11.3g/t Au from 120m down hole (17MORC127).

Additional metallurgical test work on unweathered mineralisation at Lena was completed and returned strong gold recoveries exceeding 97% (see *MGV ASX announcements 16 August 2017, "Further Strong Gold Recoveries at Lena"*).

During the period the Company intersected high-grade gold mineralisation at the Louise prospect approximately 750m south of Break of Day. Mineralisation at Louise is of similar style and nature to that at Lena.

Drill hole 17MORC112 intersected 4m @ 15.4g/t Au from 79m down hole including 2m @ 29.9g/t Au from 81m (see *MGV ASX Announcement 29 November 2017, "New High-Grade Gold Discovery at Louise"*). The high-grade gold intersection at Louise demonstrates the potential for multiple high-grade gold shoots along the Lena/Break of Day shear which extends for over 20km of strike with very limited basement drill testing.

A regional gravity survey completed on the Cue tenements subsequent to the end of the reporting period has highlighted 10 new high priority gold targets for drill testing. The gravity data was integrated with existing aeromagnetic, geochemical and historical drilling information to define these targets.

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

## Corporate

During the period the Company raised \$2,852,000 by a placement of 46,000,000 shares to professional and sophisticated investors at 6.2 cents per share and \$765,000 through a Share Purchase Plan provided to eligible shareholders through the issue of 12,338,675 shares at 6.2 cents per share.

## 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 7.

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



**Mr Graham Ascough**  
Chairman

Perth, 13 March 2018

## COMPETENT PERSON'S STATEMENT

### ***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 a Competent Person 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 Resource and Ore Reserve Estimates is extracted from the report created by Silver Lake Resources Limited (ASX:SLR) entitled "Mineral Resources and Ore Reserves Update", 26 August 2016 and is available to view on Silver Lake's website ([www.silverlakeresources.com.au](http://www.silverlakeresources.com.au)) and the ASX ([www.asx.com.au](http://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 been materially modified from the original market announcement.

**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.

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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 2017, 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



C A Becker  
Partner – Audit & Assurance

Perth, 13 March 2018

Grant Thornton Audit Pty Ltd ACN 130 913 594  
a subsidiary or related entity of Grant Thornton Australia Ltd ABN 41 127 556 389

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## CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE HALF-YEAR ENDED 31 DECEMBER 2017

	CONSOLIDATED GROUP	
	Half-year ended 31 Dec 2017	Half-year ended 31 Dec 2016
	Note	\$
Other income		44,381
Impairment of exploration and evaluation assets	<b>6</b>	(34,995)
Employee benefits expense		(358,260)
Depreciation expense		(5,440)
Other expenses		(192,003)
Change in fair value of derivative financial instruments	<b>5 (a)</b>	165,750
<b>Loss before income tax expense</b>		<b>(380,567)</b>
Income tax benefit/(expense)		-
<b>Loss from continuing operations</b>		<b>(380,567)</b>
<b>Loss attributable to members of the parent entity</b>		<b>(380,567)</b>
<b>Other comprehensive income</b>		
<i>Items that may be reclassified to profit or loss</i>		
Changes in the fair value of available for sale financial assets	<b>5 (b)</b>	<b>160,000</b>
<b>Total comprehensive loss for the period</b>		<b>(220,567)</b>
<b>Earnings per share:</b>		<i>Cents</i>
Basic earnings per share		(0.16)
		<i>Cents</i>
		(0.61)

*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 2017

	CONSOLIDATED GROUP		
	31 Dec 2017	30 Jun 2017	
Note	\$	\$	
<b>CURRENT ASSETS</b>			
Cash and cash equivalents	4	3,606,103	3,560,365
Trade and other receivables		142,738	435,795
Other current assets		14,419	10,307
Derivative financial instruments	5 (a)	202,750	37,000
<b>TOTAL CURRENT ASSETS</b>		<b>3,966,010</b>	<b>4,043,467</b>
<b>NON-CURRENT ASSETS</b>			
Available for sale financial assets	5 (b)	300,000	140,000
Property, plant and equipment		43,370	48,810
Exploration and evaluation assets	6	8,241,363	5,022,031
Other non-current assets		15,907	-
<b>TOTAL NON-CURRENT ASSETS</b>		<b>8,600,640</b>	<b>5,210,841</b>
<b>TOTAL ASSETS</b>		<b>12,566,650</b>	<b>9,254,308</b>
<b>CURRENT LIABILITIES</b>			
Trade and other payables		234,288	389,372
Short-term provisions		95,930	78,993
<b>TOTAL CURRENT LIABILITIES</b>		<b>330,218</b>	<b>468,365</b>
<b>NON-CURRENT LIABILITIES</b>			
Long-term provisions		-	10,238
<b>TOTAL NON-CURRENT LIABILITIES</b>		<b>-</b>	<b>10,238</b>
<b>TOTAL LIABILITIES</b>		<b>330,218</b>	<b>478,603</b>
<b>NET ASSETS</b>		<b>12,236,432</b>	<b>8,775,705</b>
<b>EQUITY</b>			
Issued capital	8	36,088,058	32,646,322
Reserves		682,903	320,283
Accumulated losses		(24,534,529)	(24,190,900)
<b>TOTAL EQUITY</b>		<b>12,236,432</b>	<b>8,775,705</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 2017

	CONSOLIDATED GROUP				
	Issued Capital \$	Share Option Reserve \$	Assets Held for Sale Reserve \$	Accumulated Losses \$	Total Equity \$
<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>
Total comprehensive loss for the period	-	-	-	(1,030,690)	(1,030,690)
Other comprehensive income	-	-	-	-	-
<b>Total comprehensive loss for the period net of tax</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(1,030,690)</b>	<b>(1,030,690)</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	-	158,459	-	-	158,459
<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>
<b>Balance at 1 July 2017</b>	<b>32,646,322</b>	<b>303,494</b>	<b>16,789</b>	<b>(24,190,900)</b>	<b>8,775,705</b>
Total comprehensive loss for the period	-	-	-	(380,567)	(380,567)
Other comprehensive income	-	-	160,000	-	160,000
<b>Total comprehensive loss for the period net of tax</b>	<b>-</b>	<b>-</b>	<b>160,000</b>	<b>(380,567)</b>	<b>(220,567)</b>
Shares issued	3,650,050	-	-	-	3,650,050
Share issue costs	(208,314)	-	-	-	(208,314)
Transfer from share option reserve due to exercise of options	-	(36,938)	-	36,938	-
Issue of options	-	239,558	-	-	239,558
<b>Balance at 31 December 2017</b>	<b>36,088,058</b>	<b>506,114</b>	<b>176,789</b>	<b>(24,534,529)</b>	<b>12,236,432</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 2017

	CONSOLIDATED GROUP	
	Half-year ended 31 Dec 2017	Half-year ended 31 Dec 2016
Note	\$	\$
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Payments to suppliers and employees	(452,199)	(552,142)
Interest received	25,432	22,236
Research and development tax rebate	236,366	-
<b>NET CASH FLOWS FROM OPERATING ACTIVITIES</b>	<b>(190,401)</b>	<b>(529,906)</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Payments for exploration activities	(1,690,547)	(1,725,626)
Payments for tenements	(1,500,000)	-
<b>NET CASH FLOWS USED IN INVESTING ACTIVITIES</b>	<b>(3,190,547)</b>	<b>(1,725,626)</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Proceeds from issue of shares	3,617,000	3,233,998
Proceeds from exercise of options	18,000	9,000
Share issue costs	(208,314)	(187,825)
<b>NET CASH FLOWS FROM FINANCING ACTIVITIES</b>	<b>3,426,686</b>	<b>3,055,173</b>
Net decrease in cash and cash equivalents	45,738	799,641
Cash at the beginning of the period	3,560,365	2,075,224
<b>CASH AT THE END OF THE PERIOD</b>	<b>4 3,606,103</b>	<b>2,874,865</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 2017

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### NOTE 1: CORPORATE INFORMATION

The financial report of Musgrave Minerals Ltd ("the Company") for the half-year ended 31 December 2017 was authorised for issue in accordance with a resolution of the directors on 13 March 2018.

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

### NOTE 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 2017 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 2017 and any public announcements made by Musgrave Minerals Ltd 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 a 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

In the half-year ended 31 December 2017, the Group has reviewed all of the new and revised Standards and Interpretations issued by the AASB that are relevant to its operations and effective for annual reporting periods beginning on or after 1 July 2017.

*AASB 9 Financial Instruments* introduces new requirements for the classification and measurement of financial assets and liabilities and includes a forward-looking 'expected loss' impairment model and a substantially-changed approach to hedge accounting. When this standard is first adopted for the year ending 30 June 2019, there will be no material impact on the transactions and balances recognised in the financial statements.

*AASB 15 Revenue* establishes a new revenue recognition model that changes, expands and improves disclosures about revenue. When this standard is first adopted for the year ending 30 June 2019, there will be no material impact on the transactions and balances recognised in the financial statements.

*AASB 16 Leases* requires all leases, other than short term and low value asset leases to be accounted "on balance sheet". The impact of this standard when first adopted for the year ending 30 June 2019 has not yet been assessed.

The directors have also reviewed all other new Standards and Interpretations that have been issued but are not yet effective for the half-year ended 31 December 2017. As a result of this review the directors have determined that there is no impact, material or otherwise, of the new and revised Standards and Interpretations on the Group and, therefore, no change is necessary to the Group's accounting policies. These accounting policies are consistent with Australian Accounting Standards and with International Reporting Standards.

The Group has also reviewed all new Standards and Interpretations that have been issued but are not yet effective for the half-year ended 31 December 2017. As a result of this review the Directors have determined that there is no impact, material or otherwise, of the new and revised Standards and Interpretations on its business and therefore no change is necessary to the Group's accounting policies.

### 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 2017.

### NOTE 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 has concluded at this time that there are no separately identifiable segments.

### NOTE 4: CASH AND CASH EQUIVALENTS

	CONSOLIDATED	
	31 Dec 2017	30 Jun 2017
	\$	\$
Cash at bank and on hand	256,103	410,365
Short-term deposits	3,350,000	3,150,000
	<b>3,606,103</b>	<b>3,560,365</b>

**NOTE 5: FINANCIAL ASSETS**

	<b>CONSOLIDATED</b>	
	<b>31 Dec 2017</b>	<b>30 Jun 2017</b>
	<b>\$</b>	<b>\$</b>
<b>a) Derivative financial instruments</b>		
<i>Current</i>		
Opening balance	37,000	-
Acquisition	-	41,000
Change in fair value	165,750	(4,000)
Closing balance	<b>202,750</b>	<b>37,000</b>
<b>b) Available for sale financial assets</b>		
<i>Non-Current</i>		
Opening balance	140,000	-
Acquisition	-	123,211
Change in fair value	160,000	16,789
Closing balance	<b>300,000</b>	<b>140,000</b>

**NOTE 6: EXPLORATION AND EVALUATION ASSETS**

	<b>CONSOLIDATED</b>	
	<b>31 Dec 2017</b>	<b>30 Jun 2017</b>
	<b>\$</b>	<b>\$</b>
Exploration and evaluation assets	<b>8,241,363</b>	5,022,031

**Consolidated Group**

	<b>Total \$</b>
Balance 1 July 2017	5,022,031
Additions through expenditure capitalised	1,754,327
Purchase of Silver Lake joint venture interest*	1,500,000
Impairment of tenements	(34,995)
<b>Balance at 31 December 2017</b>	<b>8,241,363</b>

\* In August 2017, the Company completed the acquisition of Silver Lake Resources Limited's remaining interest in the Cue Project JV by exercising its pre-emptive right and a Deed of Assignment and Assumption.

**NOTE 7: COMMITMENTS AND CONTINGENCIES**

As at the reporting date there has been no material change in the commitments and contingencies since the 30 June 2017 annual report.

**NOTE 8: ISSUED CAPITAL****Issued capital**

Fully paid ordinary shares

CONSOLIDATED	
31 Dec 2017	30 Jun 2017
\$	\$
<b>36,088,058</b>	32,646,322

**a) Movement in ordinary shares on issue**

	Half-year ended 31 Dec 2017		Year ended 30 Jun 2017	
	No.	\$	No.	\$
Opening balance	<b>220,045,782</b>	<b>32,646,322</b>	125,032,258	26,793,899
Placement - 6 July 2016	-	-	12,711,864	750,000
Exercise of 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
Placement – 19 May 2017	-	-	40,000,000	3,000,000
Placement – 17 October 2017	46,000,000	2,852,000	-	-
Share Purchase Plan – 31 October 2017	12,338,675	765,000	-	-
Shares issued in lieu of services – 14 December 2017	215,000	15,050	-	-
Exercise of options – 29 December 2017	400,000	18,000	-	-
Share issue costs	-	(208,314)	-	(390,575)
Closing balance	<b>278,999,457</b>	<b>36,088,058</b>	220,045,782	32,646,322



**NOTE 8: ISSUED CAPITAL (Continued)****b) Movement in options on issue**

	Half-year ended 31 Dec 2017		Year ended 30 Jun 2017	
	No.	\$	No.	\$
Opening balance	5,375,000	303,494	2,200,000	64,503
Options granted	5,500,000	239,558	3,750,000	255,379
Options exercised	(400,000)	(36,938)	(200,000)	(3,870)
Options expired / lapsed	-	-	(375,000)	(12,518)
Closing balance	10,475,000	506,114	5,375,000	303,494

**NOTE 9: SHARE BASED PAYMENTS**

At the Company's Annual General Meeting held on 29 November 2017, shareholders approved the issue of 3,250,000 options to directors. In addition 2,250,000 options were issued to employees and contractors under the Employee Share Option Plan ("ESOP") during the period.

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 2017:

Inputs	Issue Q	Issue R
Exercise price	\$0.097	\$0.097
Grant date	29 Nov 2017	29 Nov 2017
Expiry date	29 Nov 2020	29 Nov 2020
Share price at grant date	\$0.068	\$0.068
Historical volatility (%)	117%	117%
Risk-free interest rate (%)	1.86%	1.86%
Expected dividend yield (%)	0%	0%

The expense for the half-year was \$239,558 (2016: \$158,459).

**NOTE 10: DIVIDENDS**

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

**NOTE 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.

**NOTE 12: EVENTS SUBSEQUENT TO THE REPORTING DATE**

On 31 January 2018 the Company entered into a three-year lease for its new office premises at 5 Ord Street, West Perth WA. The commitments due under this lease are \$51,096 within one year of the date of this report and \$119,210 between one year and five years of the date of this report.

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:

- 1) the financial statements and notes of Musgrave Minerals Ltd are in accordance with the *Corporations Act 2001*, including:
  - a) giving a true and fair view of its financial position as at 31 December 2017 and of its performance for the half-year ended on that date; and
  - b) comply with Accounting Standard AASB 134 *Interim Financial Reporting*; and
- 2) 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

A handwritten signature in black ink, appearing to read "G. Ascough", written in a cursive style.

Mr Graham Ascough  
**Chairman**

13 March 2018

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

### Report on the Half Year Financial Report

#### Conclusion

We have reviewed the accompanying half year financial report of Musgrave Minerals Limited (the Company) and its subsidiaries (the Group), which comprises the consolidated statement of financial position as at 31 December 2017, and the consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the half year ended on that date, a description of accounting policies, other selected explanatory notes, and the directors' declaration.

Based on our review, which is not an audit, nothing has come to our attention that causes us to believe that the half year financial report of Musgrave Minerals Limited does not give a true and fair view of the financial position of the Group as at 31 December 2017, and of its financial performance and its cash flows for the half year ended on that date, in accordance with the *Corporations Act 2001*, including complying with Accounting Standard AASB 134 *Interim Financial reporting*.

#### Directors' Responsibility for the Half Year Financial Report

The Directors of the Group 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 internal control as the directors determine is necessary to enable the preparation of the half year financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

#### Auditor's Responsibility

Our responsibility is to express a conclusion on the half year financial report based on our review. We conducted our review in accordance with 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 Group's financial position as at 31 December 2017 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 have complied with the independence requirements of the *Corporations Act 2001*.



GRANT THORNTON AUDIT PTY LTD  
Chartered Accountants



C A Becker  
Partner – Audit & Assurance

Perth, 13 March 2018