



HALF-YEAR FINANCIAL REPORT

31 December 2018

ABN 12 143 890 671

CONTENTS

CORPORATE DIRECTORY.....	2
DIRECTORS' REPORT	3
AUDITOR'S INDEPENDENCE DECLARATION	7
CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE HALF-YEAR ENDED 31 DECEMBER 2018	8
CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 31 DECEMBER 2018	9
CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE HALF-YEAR ENDED 31 DECEMBER 2018.....	10
CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE HALF-YEAR ENDED 31 DECEMBER 2018.....	11
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE HALF-YEAR ENDED 31 DECEMBER 2018.....	12
DIRECTORS' DECLARATION.....	18
INDEPENDENT AUDITOR'S REVIEW REPORT.....	19

CORPORATE DIRECTORY

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

Ground Floor, 5 Ord Street
West Perth, WA 6005

Telephone: +61 (8) 9324 1061
Facsimile: +61 (8) 9324 1014
Email: info@musgraveminerals.com.au
Web: www.musgraveminerals.com.au

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

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 2018.

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 2018 after providing for income tax amounted to \$1,073,209 (2017: \$380,567).

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 explorer. The Cue Project in the Murchison region of Western Australia is the Company's focus and hosts significant gold and copper mineralisation including the high-grade Break of Day resource. Musgrave has had significant exploration success at Cue with the new Lake Austin North gold discovery. The ongoing focus is on increasing the gold resources through discovery and extensional drilling to underpin studies that will demonstrate a viable path to near term development.

Musgrave is continuing to drill to define the scope of the new gold discovery beneath the salt lake at Lake Austin North. Drilling has been encouraging intersecting thick intervals of gold mineralisation. The system is open in all directions.

Musgrave also holds a large exploration tenement package in the Ni-Cu-Co prospective Musgrave Province and a joint venture with Petrathem Pty Ltd in the southern Gawler Craton region of South Australia.

Cue Project

At the Cue Project, 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 announcement 15 October 2018, "Annual Report"*).

Recent exploration at Cue has focused on drilling at the new Lake Austin North gold discovery which is located approximately 3km north of Break of Day/Lena and sits within a 28km-long prospective corridor that hosts the Break of Day and Lena gold resources.

The A-Zone mineralisation at Lake Austin North has significant strike potential and is currently 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 Company is drilling to expand the current 500m basement footprint of the mineralisation. The basement mineralisation is extensive and the limits are yet to be defined below a large 800m long regolith (weathered host rock) gold halo. The northern-most and southern-most basement holes at A-Zone, all intersected mineralisation which remains open in all directions.

New diamond and aircore drilling programs have commenced to further extend the strike extent of the Lake Austin North mineralisation and to better define the depth potential of the system. The aircore rig will also conduct a preliminary drill test of new lake targets along strike from Lake Austin North.

Significant drill intercepts at A-Zone, Lake Austin North include:

- 242m @ 1.0g/t Au from 61m (18MODD008) including;
 - 45m @ 3.3g/t Au from 70m;
- 94m @ 2.2g/t Au from 156m (18MORC057) including;
 - 52m @ 3.8g/t Au from 198m;
- 79.8m @ 1.3g/t Au from 102.2m (18MODD005) including;
 - 20m @ 4.5g/t Au from 102.2m;
- 128.1m @ 0.5g/t Au from 133.3m (18MODD12) including;
 - 32m @ 1.5g/t Au from 133.3m;

(see ASX releases dated 29 October 2018, 3 December 2018 and 15 January 2019)

Musgrave also completed aircore/reverse circulation ("RC") drilling to test a number of high-priority gold and base metal targets on the northern tenements at Cue. These targets included the Laterite Hill and Lady Stardust gold targets and the Hollandaire North and Mt Eelya West base metal targets. This drilling is part of a co-funded government-industry drilling program.

Corporate

During the period Musgrave raised \$5.5 million to advance gold drilling at Lake Austin on the Cue Project via a placement of 59,782,609 shares to corporate, institutional, professional and sophisticated investors. The placement was oversubscribed with significant interest from resource funds as well as existing shareholders.

Subsequent to the end of the period the Company executed a Binding Term Sheet with Cyprum Australia Pty Ltd regarding an option, earn-in and joint venture on the non-gold rights over the northern tenements at the Cue Project in Western Australia's Murchison region.

In February 2019 the Company entered into an option agreement to purchase 100% of the Mainland Project excluding the alluvial gold rights. The Mainland Project covers the northern extension of the Break of Day and Lena shear corridor at the Cue Gold Project.

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 2019

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) 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 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.

Auditor's Independence Declaration

To the Directors of Musgrave Minerals Ltd

In accordance with the requirements of section 307C of the *Corporations Act 2001*, as lead auditor for the review of Musgrave Minerals Ltd for the half-year ended 31 December 2018, 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 2019

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE HALF-YEAR ENDED 31 DECEMBER 2018

	CONSOLIDATED GROUP	
	Half-year ended 31 Dec 2018	Half-year ended 31 Dec 2017
	Note	\$
Other income		46,891
Impairment of exploration and evaluation assets	6	(35,130)
Employee benefits expense		(615,897)
Depreciation expense		(10,468)
Other expenses		(165,605)
Change in fair value of derivative financial instruments	5 (a)	(293,000)
Loss before income tax expense		(1,073,209)
Income tax benefit/(expense)		-
Loss from continuing operations		(1,073,209)
Loss attributable to members of the parent entity		(1,073,209)
Other comprehensive income		
<i>Items that will not be reclassified to profit or loss</i>		
Equity instruments at fair value through other comprehensive income – fair value changes	5 (b)	(320,000)
Total comprehensive loss for the period		(1,393,209)
Earnings per share:		<i>Cents</i>
Basic earnings per share		(0.32)
		<i>Cents</i>
		(0.16)

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 2018

	CONSOLIDATED GROUP		
	31 Dec 2018	30 Jun 2018	
Note	\$	\$	
CURRENT ASSETS			
Cash and cash equivalents	4	7,385,944	5,230,122
Trade and other receivables		202,729	114,650
Other current assets		9,881	14,611
Derivative financial instruments	5 (a)	162,000	455,000
TOTAL CURRENT ASSETS		7,760,554	5,814,383
NON-CURRENT ASSETS			
Equity instruments at fair value through other comprehensive income	5 (b)	290,000	610,000
Property, plant and equipment		66,758	45,493
Exploration and evaluation assets	6	13,154,806	10,256,138
TOTAL NON-CURRENT ASSETS		13,511,564	10,911,631
TOTAL ASSETS		21,272,118	16,726,014
CURRENT LIABILITIES			
Trade and other payables		771,788	530,869
Short-term provisions		117,630	108,950
TOTAL CURRENT LIABILITIES		889,418	639,819
TOTAL LIABILITIES		889,418	639,819
NET ASSETS		20,382,700	16,086,195
EQUITY			
Issued capital	8	44,592,770	39,436,729
Reserves		1,184,949	971,276
Accumulated losses		(25,395,019)	(24,321,810)
TOTAL EQUITY		20,382,700	16,086,195

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 2018

	CONSOLIDATED GROUP				
	Issued Capital	Share Option Reserve	Equity FVTOCI Reserve	Accumulated Losses	Total Equity
	\$	\$	\$	\$	\$
Balance at 1 July 2017	32,646,322	303,494	16,789	(24,190,900)	8,775,705
Total comprehensive loss for the period	-	-	-	(380,567)	(380,567)
Other comprehensive income	-	-	160,000	-	160,000
Total comprehensive loss for the period net of tax	-	-	160,000	(380,567)	(220,567)
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
Balance at 31 December 2017	36,088,058	506,114	176,789	(24,534,529)	12,236,432
Balance at 1 July 2018	39,436,729	484,487	486,789	(24,321,810)	16,086,195
Total comprehensive loss for the period	-	-	-	(1,073,209)	(1,073,209)
Other comprehensive income	-	-	(320,000)	-	(320,000)
Total comprehensive loss for the period net of tax	-	-	(320,000)	(1,073,209)	(1,393,209)
Shares issued	5,500,000	-	-	-	5,500,000
Share issue costs	(343,959)	-	-	-	(343,959)
Issue of options	-	533,673	-	-	533,673
Balance at 31 December 2018	44,592,770	1,018,160	166,789	(25,395,019)	20,382,700

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 2018

	CONSOLIDATED GROUP	
	Half-year ended 31 Dec 2018	Half-year ended 31 Dec 2017
Note	\$	\$
CASH FLOWS FROM OPERATING ACTIVITIES		
Payments to suppliers and employees	(365,195)	(452,199)
Interest received	51,621	25,432
Research and development tax rebate	-	236,366
NET CASH FLOWS FROM OPERATING ACTIVITIES	(313,574)	(190,401)
CASH FLOWS FROM INVESTING ACTIVITIES		
Payments for property, plant and equipment	(31,733)	-
Payments for exploration activities	(2,654,912)	(1,690,547)
Payments for tenements	-	(1,500,000)
NET CASH FLOWS USED IN INVESTING ACTIVITIES	(2,686,645)	(3,190,547)
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from issue of shares	5,500,000	3,617,000
Proceeds from exercise of options	-	18,000
Share issue costs	(343,959)	(208,314)
NET CASH FLOWS FROM FINANCING ACTIVITIES	5,156,041	3,426,686
Net decrease in cash and cash equivalents	2,155,822	45,738
Cash at the beginning of the period	5,230,122	3,560,365
CASH AT THE END OF THE PERIOD	4 7,385,944	3,606,103

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 2018

NOTE 1: CORPORATE INFORMATION

This general purpose financial report of Musgrave Minerals Ltd ("the Company") for the half-year ended 31 December 2018 was authorised for issue in accordance with a resolution of the directors on 13 March 2019.

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 general purpose interim financial report for the half-year reporting period ended 31 December 2018 has been prepared in accordance with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Act 2001*.

This 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 2018 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.

Except for Note 2(b) 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) New accounting standards and interpretations

A number of new or amended standards became applicable for the current reporting period and the Group has changed its accounting policies as a result of the adoption of the following standards:

- AASB 9 *Financial Instruments*; and
- AASB 15 *Revenue from Contracts with Customers*.

The impact of the adoption of these standards and the new accounting policies are disclosed below. The impact of these standards, and the other new and amended standards adopted by the Group, has not had an impact on the amounts presented in the Group's financial statements.

AASB 9 Financial Instruments

AASB 9 Financial Instruments replaces AASB 139 *Financial Instruments: Recognition and Measurement*. It makes major changes to the previous guidance on the classification and measurement of financial assets and introduces an 'expected credit loss' model for impairment of financial assets.

The adoption of AASB 9 has impacted the following areas:

Classification and measurement of the Group's financial assets

Listed equity investments were classified as Available-for-Sale under AASB 139 at 30 June 2018. The Group chose to make the irrevocable election on transition to reclassify these to fair value through other comprehensive income (equity FVOCI) under AASB 9 because this is held as a long term investment.

Reconciliation of financial instruments on adoption of AASB 9

When adopting AASB 9, the Company elected to restate prior periods. There has been no impact as a result of this election;

Financial Assets	Original Classification under AASB 139	New Classification under AASB 9	AASB 139 Carrying Amount	AASB 9 Carrying Amount
Listed Equities	Available for sale	Fair value through Other Comprehensive Income ("FVTOCI")	\$610,000	\$610,000

AASB 15 Revenue from Contracts with Customers

AASB 15 replaces AASB 118 *Revenue*, AASB 111 *Construction Contracts* and several revenue-related Interpretations. The new Standard has been applied as at 1 July 2018 using the modified retrospective approach. Under this method, the cumulative effect of initial application is recognised as an adjustment to the opening balance of retained earnings at 1 July 2018 and comparatives are not restated.

The adoption of this standard has had no impact on the current or previous reporting period and as such there have been no adjustments to the opening balance of retained earnings.

c) Changes in significant accounting policies

The interim financial statements have been prepared in accordance with the same accounting policies adopted in the annual financial statements for the year ended 30 June 2018, except as described below.

Changes to the Group's accounting policies arising from the adoption of AASB 9 and AASB 15 are summarised below:

Equity instruments at fair value through other comprehensive income (Equity FVTOCI)

Investments in equity instruments that are not held for trading are eligible for an irrevocable election at inception to be measured at FVTOCI. Under this category, subsequent movements in fair value are recognised in other comprehensive income and are never reclassified to profit or loss. Dividend income is taken to profit or loss unless the dividend clearly represents return of capital.

d) Going concern

These financial statements have been prepared on the going concern basis, which contemplates continuity of normal business activities and the realisation of assets and the settlement of liabilities in the ordinary course of business.

e) 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 2018.

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 2018	30 Jun 2018
	\$	\$
Cash at bank and on hand	509,619	353,797
Short-term deposits	6,876,325	4,876,325
	7,385,944	5,230,122

NOTE 5: FINANCIAL ASSETS

	CONSOLIDATED	
	31 Dec 2018	30 Jun 2018
	\$	\$
a) Derivative financial instruments		
<i>Current</i>		
Opening balance	455,000	37,000
Change in fair value	(293,000)	418,000
Closing balance	162,000	455,000
b) Equity instruments at fair value through other comprehensive income		
<i>Non-Current</i>		
Opening balance	610,000	140,000
Change in fair value	(320,000)	470,000
Closing balance	290,000	610,000

In February 2017 the Company transferred two tenements to Legend Mining Limited ("Legend") in exchange for 10,000,000 unlisted options exercisable at \$0.04 expiring 30 March 2021 and 10,000,000 fully paid ordinary shares in Legend.

The fair value of the derivative financial instruments (unlisted options) has been determined using a Black Scholes option pricing model. The fair value of listed available-for-sale financial assets (listed shares) has been determined directly by reference to the published price.

NOTE 6: EXPLORATION AND EVALUATION ASSETS

	CONSOLIDATED	
	31 Dec 2018	30 Jun 2018
	\$	\$
Exploration and evaluation assets	13,154,806	10,256,138

Consolidated Group

	Total \$
Balance 1 July 2018	10,256,138
Additions through expenditure capitalised	2,933,798
Impairment of tenements	(35,130)
Balance at 31 December 2018	13,154,806

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 2018 annual report.

NOTE 8: ISSUED CAPITAL

	CONSOLIDATED	
	31 Dec 2018	30 Jun 2018
	\$	\$
Issued capital		
Fully paid ordinary shares	44,592,770	39,436,729

a) Movement in ordinary shares on issue

	Half-year ended 31 Dec 2018		Year ended 30 Jun 2018	
	No.	\$	No.	\$
Opening balance	326,999,457	39,436,729	220,045,782	32,646,322
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
Placement – 28 May 2018	-	-	48,000,000	3,360,000
Placement – 19 December 2018	59,782,609	5,500,000	-	-
Share issue costs	-	(343,959)	-	(219,643)
Closing balance	386,782,066	44,592,770	326,999,457	39,436,729

NOTE 8: ISSUED CAPITAL (Continued)

b) Movement in options on issue

	Half-year ended 31 Dec 2018		Year ended 30 Jun 2018	
	No.	\$	No.	\$
Opening balance	9,900,000	484,487	5,375,000	303,494
Options granted	10,550,000	533,673	5,500,000	239,558
Options exercised	-	-	(400,000)	(36,938)
Options expired / lapsed	-	-	(575,000)	(21,627)
Closing balance	20,450,000	1,018,160	9,900,000	484,487

NOTE 9: SHARE BASED PAYMENTS

At the Company's Annual General Meeting held on 16 November 2018, shareholders approved the issue of 7,500,000 options to directors and consultants. In addition 3,050,000 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 2018:

Inputs	Issue S	Issue T
Exercise price	\$0.1275	\$0.1275
Grant date	21 Nov 2018	30 Nov 2018
Expiry date	16 Nov 2021	16 Nov 2021
Share price at grant date	\$0.090	\$0.092
Historical volatility (%)	101%	101%
Risk-free interest rate (%)	2.16%	2.16%
Expected dividend yield (%)	0%	0%

The expense for the half-year was \$533,673 (2017: \$239,558).

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

No 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

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 2018 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".

Mr Graham Ascough
Chairman

13 March 2019

Independent Auditor's Review Report

To the Directors of Musgrave Minerals Ltd

Report on the review of the half year financial report

Conclusion

We have reviewed the accompanying half year financial report of Musgrave Minerals Ltd (the Group) which comprises the consolidated interim statement of financial position as at 31 December 2018, and the consolidated interim statement of profit or loss and other comprehensive income, consolidated interim statement of changes in equity and consolidated interim 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 Ltd does not give a true and fair view of the financial position of the Group as at 31 December 2018, 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 2018 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 Ltd, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.


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