ANNUAL REPORT **2013**

MUSGRAVE
ASX : MGV Minerals Ltd

ABN 12 143 890 671

Exploration for base metal deposits, silver and gold mineralisation in South Australia

Musgrave Minerals Limited is a dedicated exploration company focused on base metals, silver and gold in the highly prospective Musgrave Province and Gawler Craton regions of South Australia.

The Company's functional and presentational currency is Australian Dollars.

A description of the Company's operations and principal activities is included in the Review of Operations and the Directors' Report.

ASX Code: MGV
Issued Shares: 121M
Cash Balance: $9.6M (30th June 2013)
ABN: 12 143 890 671

Top shareholders

Mithril Resources Ltd
Independence Group NL
Goldsearch Ltd
Barrick (Australia Pacific) Ltd
Silver Lake Resources Ltd

Corporate Information

Directors

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

Company Secretary

Donald Stephens

Registered Office

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Share Registry

Computershare Investor Services Pty Ltd
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Adelaide, SA, 5000

Auditor

Grant Thornton South Australian Partnership
Chartered Accountants
Level 1, 67 Greenhill Road
Wayville, SA, 5034

Legal Advisors

O'Loughlins Lawyers
Level 2, 99 Frome Street
Adelaide, SA, 5000

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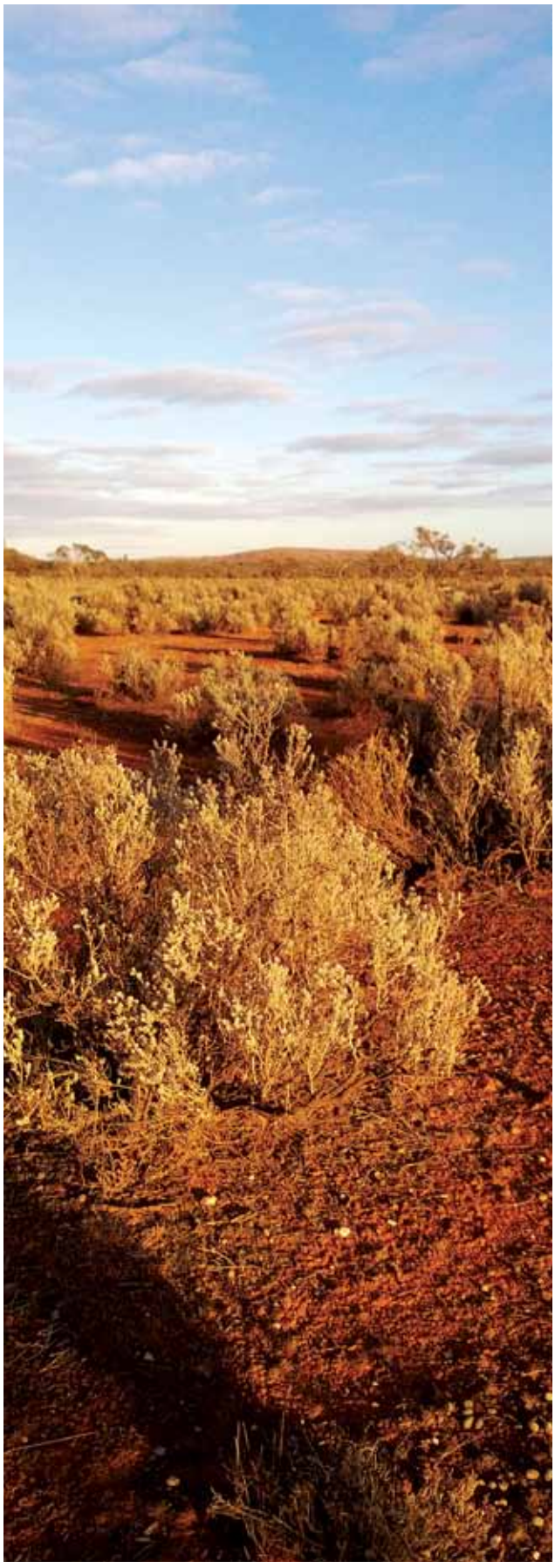

Chairman's Letter

Dear Fellow Shareholder,

It gives me great pleasure to present the 2013 Annual Report for Musgrave Minerals Limited. The past 12 months have been very active as the Company further establishes itself as an explorer in the highly prospective regions of the Musgrave Province and Gawler Craton in South Australia.

Our agreement signed with Menninnie Metals Pty Ltd, a subsidiary of ASX-listed Terramin Australia Ltd (TZN), to earn up to a 75% stake in the Menninnie Dam silver-lead-zinc project in the Gawler Craton, has proved to be an important decision for the Company. Menninnie Dam is well located in terms of infrastructure, already has an existing mineral resource, and there is plenty of exploration upside to add to this, with a growing number of high-quality targets awaiting drill testing.

Already our team has discovered new base metal mineralisation on the project being the zinc, silver and gold mineralisation discovered at the Tank Hill target. An airborne geophysical survey identified VTEM (versatile time domain electromagnetic) anomalies co-incident with silver geochemical targets and these will be our focus at Menninnie Dam in the immediate future.

We have again been active across our tenement package in the Musgrave Province, continuing our approach of systematic exploration that we believe will return the best results for the Company and our shareholders. We currently have high-priority EM and geochemical targets at the Deering Hills Project that warrant drilling, and we also identified targets for follow-up after a soil geochemical program over the Ragnar target at Mimili, along with EM and geochemical targets at Mt Woodroffe.

The recently granted Pallatu tenement has been identified as a priority area as the targets show all the right criteria for a large nickel sulphide system with coincident geophysical anomalies in a favourable geological setting. We look forward to advancing this target in 2013.

Our work during the past year has demonstrated that Musgrave Minerals is moving in the right direction with the objective of making significant discoveries across our projects. We are well-funded to continue exploration, with $9.6 million in the bank – a position many of our peers would no doubt envy.

I would like to thank our management and staff for their exceptional hard work and dedication over the past year, and to our shareholders for their loyalty and support. The upcoming year will undoubtedly be busy again for our team and we look forward to sharing with you the results of their work.

Graham Ascough
Chairman

MGV Board members (from left) Robert Waugh, Graham Ascough, Kelly Ross and John Percival

Review of Operations

Musgrave Minerals Limited (ASX: MGV) is an Australian-based exploration company focused on base metal, gold and silver exploration in the Musgrave Geological Province and Gawler Craton regions of South Australia.

Musgrave Minerals is focused on exploring for massive and disseminated nickel and copper sulphide mineralisation in the Musgrave region and high grade silver-zinc-lead mineralisation at Menninnie Dam.

During the year the Company focused on three main project areas, Deering Hills and Mt Woodroffe in the Musgrave and Menninnie Dam. During this period, we successfully completed four drilling campaigns, one at Deering Hills and three at Menninnie Dam, along with two airborne VTEM surveys and a range of other field activities to advance targets to a drill-ready stage. The Company has successfully demonstrated the prospectivity of all three project areas and will continue to advance targets through to drilling.

In South Australia, the Musgrave Province lies almost entirely within Anangu Pitjantjatjara Yankunytjatjara ("APY") land (Aboriginal freehold land). Musgrave Minerals continues to develop a strong relationship with the APY and is continuing to progress new exploration tenements to grant in our region.

Menninnie Dam, approximately 100km west of Port Augusta in South Australia, is a silver- zinc-lead project comprising five licences which cover an area of 2,471km^2 in the southern Gawler Craton.

The Company has an agreement with Menninnie Metals Pty Ltd, a subsidiary of Terramin Australia Limited (ASX: TZN), to earn a 51% interest in the Menninnie Dam Project in the first stage, and up to a 75% interest thereafter.

The project hosts the Menninnie Central and Viper mineralised zones which have a JORC-compliant Inferred Mineral Resource of 7.7Mt at 27g/t Ag, 3.1% Zn and 2.6% Pb (estimated by Terramin Australia Limited in 2011 in accordance with the 2004 JORC code). These zones are not closed off and there is potential for further resources to be defined. The project is also located just 20km from the recent Paris silver discovery. Historical drilling at Menninnie Dam has focused on the existing resource area leaving significant potential for new discoveries in the region.

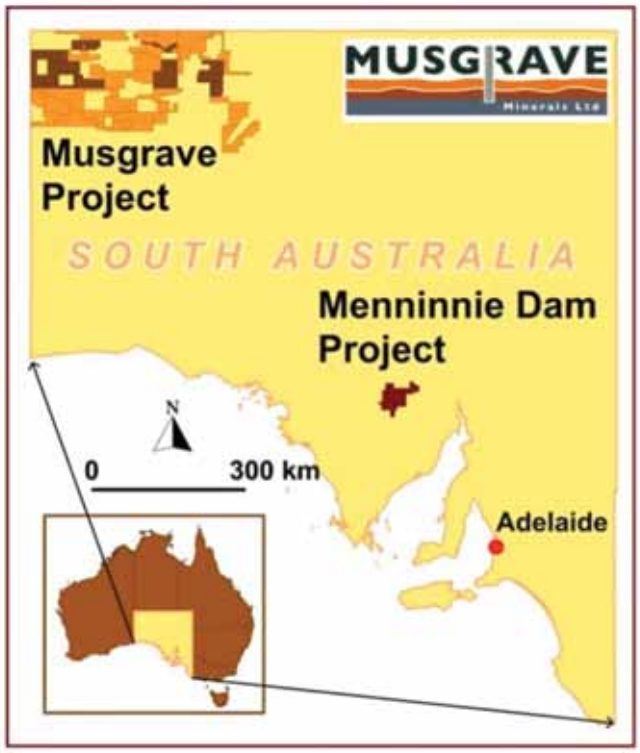

Figure 1: Musgrave Minerals' project location map

Musgrave returned a very encouraging drill result from the initial drilling at Tank Hill at Menninnie Dam returning **6m @ 4.9% Zn, 0.7% Pb, 62g/t Ag, 1.2g/t Au** in MDRC039. The mineralisation is only 5km north-east of the existing Menninnie Central and Viper deposits.

Musgrave Minerals is committed to exploration success and making the next significant discovery to drive shareholder value.

Corporate

Musgrave Minerals Ltd listed on the Australian Securities Exchange ("ASX") on 29 April 2011.

During the past year, Musgrave spent $3.9 million on exploration and administration activities and received $0.29 million in regard to the 2011/2012 Financial Year Research and Development refund.

At the end of June 2013, the Company was well resourced, holding $9.6 million in cash.

In October 2012, the Company signed a Heads of Agreement with Menninnie Metals Pty Ltd on the Menninnie Dam Ag-Zn-Pb project in the Southern Gawler Craton of South Australia. Much of Musgrave's exploration activities during the past year have focused on this project.

During the March quarter, new exploration licences for the Musgrave tenement package were granted for a period of two years, replacing the existing tenure.

MGV Geologist viewing core at Deering Hills

Exploration Activities

Menninnie Dam Project

EL5039, 4813, 4285, 4669, 4865 (Musgrave Minerals Ltd earning up to 75%)

- **MGV commenced aggressive exploration program in November 2012 after signing Heads of Agreement to acquire up to 75% of the Project**
- **Zinc, silver and gold mineralisation discovered at Tank Hill target which remains open**
  - **MDRC39 intersected 6m @ 4.9% Zn, 0.7% Pb, 62g/t Ag, 1.2g/t Au**
- **Silver, zinc and graphite intersected at the Mannequin prospect**
- **New co-incident VTEM and silver geochemical targets identified for further work**

Musgrave Minerals is earning a 51% interest in the Menninnie Dam silver-zinc-lead project in South Australia in the first stage, and up to a 75% interest thereafter, after signing a Heads of Agreement with Menninnie Metals Pty Ltd, a 100% subsidiary of Terramin Australia Limited (ASX: TZN).

Menninnie Dam comprises five Exploration Licences (ELs) covering a contiguous area of 2,471km² in the Gawler Craton, about 100km west of Port Augusta. The project hosts two zones, Menninnie Central and Viper, that have an Inferred Mineral Resource of 7.7Mt at 27g/t silver, 3.1% zinc and

Drilling at Tank Hill, Menninnie Dam

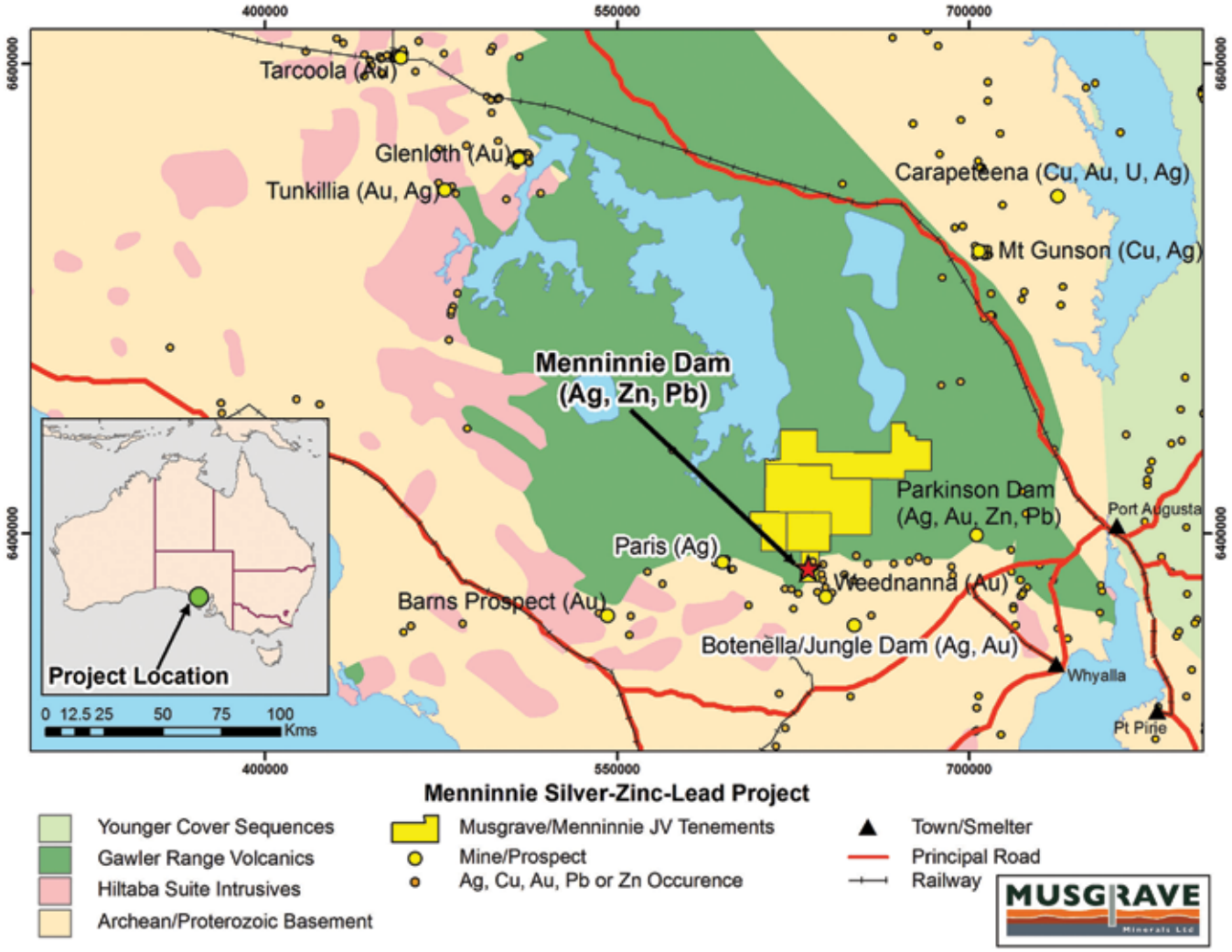

Figure 2: Location of the Menninnie Dam Project, South Australia

2.6% lead (estimated by Terramin in 2011 in accordance with the 2004 JORC code) which are not closed off. The project has significant potential to discover new economic mineral deposits.

Musgrave Minerals commenced its exploration at Menninnie Dam in November 2012, focusing on five target areas, Tank Hill, Mannequin, Viper South, Nonning and Phone Hill. Musgrave completed three drilling campaigns on the project during the year, drilling 31 reverse circulation (RC) drill holes for 5,250m and one diamond drill hole to a depth of 267m.

Tank Hill

The Tank Hill target is a 2km long induced polarisation ("IP") anomaly with co-incident anomalous surface Zn, Pb, Ag and Au soil geochemistry. The Company drilled 13 holes into this target during the year with encouraging results.

Drill hole MDRC39 at Tank Hill intersected 6m @ 4.9% Zn, 0.7% Pb, 62g/t Ag, 1.2g/t Au from 133m down hole in fresh rock within a broader zone of 30m @ 1.9% Zn, 0.5% Pb, 21g/t Ag, 0.27g/t Au from 132m down hole. The mineralisation is only 5km north-east of the existing Menninnie Central and Viper deposits at Menninnie Dam.

As a result of the mineralisation intersected at Tank Hill, MGV commenced further RC drilling in May focusing on this prospect and following up the encouraging zinc-silver-gold and lead intersection in MDRC39. The program consisted of six RC holes and a single diamond hole.

Sieved sulphide at Menninnie Dam

Results include 2m @ 4.2% Zn, 0.9% Pb, 267g/t Ag, 0.44g/t Au from 138m down hole in fresh rock within a broader zone of 22m @ 0.7% Zn, 0.4% Pb, 44g/t Ag, 0.09g/t Au, from 126m down hole in drill hole MDRC44. Current interpretation suggests that the true width of the mineralisation will be approximately 70-80% of the intersection widths. Mineralisation remains open to the northwest and southeast.

Mannequin

The Mannequin target is a 3km long IP anomaly. This IP response is more extensive and more intense than the responses over the inferred resource at Menninnie Central. The modelled source of the IP response extends from near-surface to significant depth. The area is covered by transported overburden making surface geochemistry ineffective. The Mannequin target was tested with six RC drill holes.

Highly anomalous silver, zinc and total graphitic carbon (TGC) values were intersected (Figure 3). This includes a result of 20m @ 12.4g/t Ag from 68m down hole in weathered clay in drill hole MDRC28. At the base of this anomalous silver zone was 1m @ 3.5% Zn, 0.7% Pb and 21.1g/t Ag from 87m down hole.

Further analysis of graphitic zones intersected in drill holes MDRC31 and MDRC32 returned a best intersection of 10m @ 6.3% TGC in hole MDRC32. No grain size or carbon quality information is available at this stage. The graphite is co-incident with a strong airborne VTEM conductor identified at the Mannequin target. Follow-up drilling is currently being planned.

Viper

Drilling at Viper targeted the up-dip projection of the interpreted Ag-Pb-Zn lodes. MDRC26 at Viper intersected 6m @ 49.4g/t Ag from 60m suggesting that the Viper lodes may be offset by one or more faults.

Nonning

The Nonning target is a 1.5km long IP chargeability anomaly. The IP response is in an area of favourable geology and major regional structural intersections with no previous drilling. The area is covered by thin sedimentary cover and surface geochemical data is not yet available for this target. A single RC hole was drilled at Nonning but failed to reach target depth due to excessive ground water. This target remains untested.

Surface geochemical surveys have identified a number of encouraging Ag, Pb, Zn, Cu and Au anomalies for follow-up exploration. The survey included analysis for low level silver (Ag) geochemistry which has not been undertaken on the Menninnie Dam tenements before. Low level silver geochemistry through soil sampling was a key factor in the

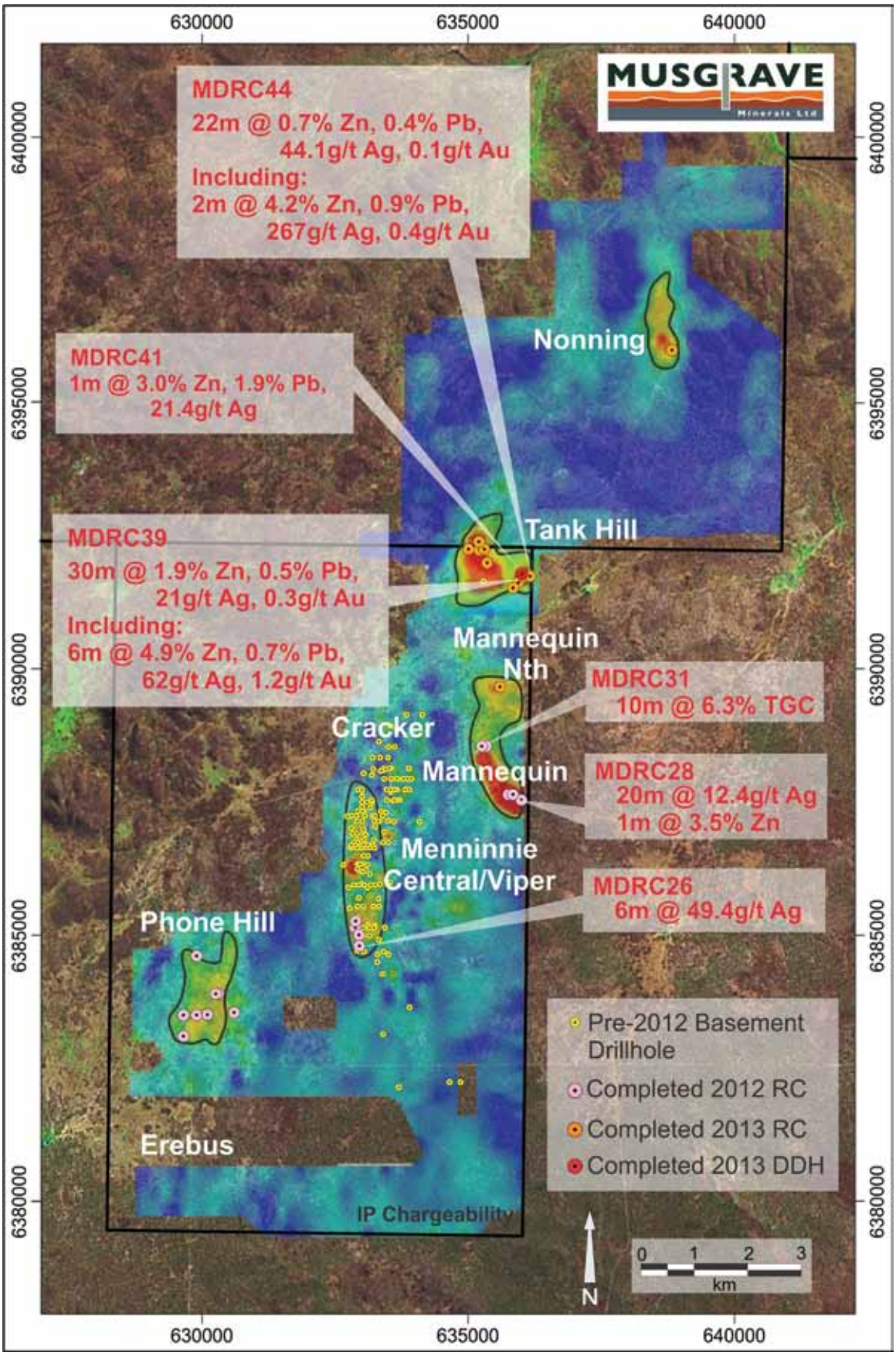

Figure 3: Menninnie Dam drill hole locations on IP chargeability image and landsat background

discovery of the Paris silver deposit by Investigator Resources only 20km to the west of Menninnie.

MGV undertook a 398 line km airborne VTEM survey across the Menninnie Dam project during the June quarter. The survey aimed to define new base metal and graphitic targets within the Menninnie Dam project area.

The VTEM survey identified seven high-priority targets, four of which are co-incident with silver geochemical anomalism. Mineralised rock-chip samples up to 13.3g/t Ag were identified within a strongly altered epithermal zone at the Erebus target. The Erebus geochemical anomaly, where there has been no drilling to date, is approximately 1.5km in length and is co-incident with high quality VTEM anomalies (Figure 5).

Follow-up exploration will include additional mapping, rock-chip sampling and infill soil geochemistry to better define targets for drill testing.

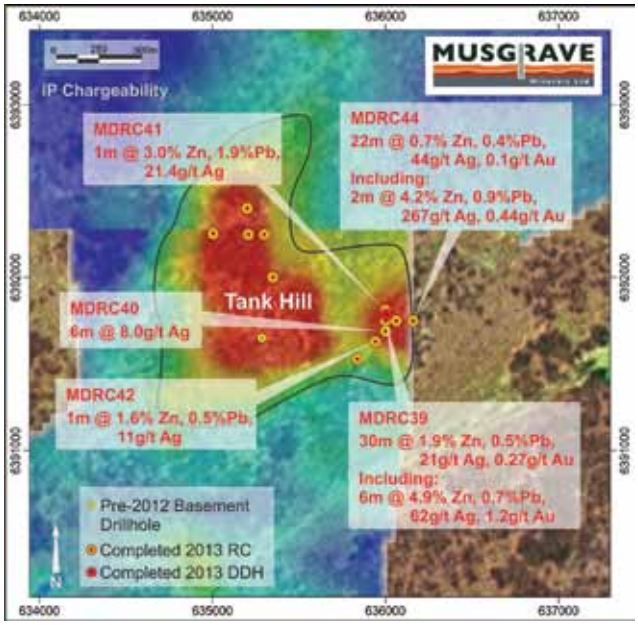

Figure 4: Tank Hill drill hole locations and significant results on IP chargeability image and landsat background

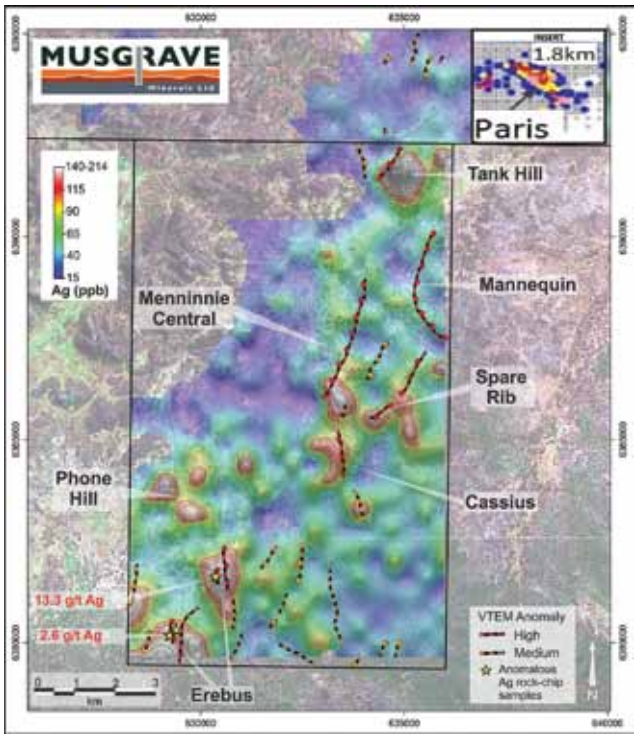

Figure 5: Menninnie Dam priority VTEM anomalies on silver soil geochemical image with Paris insert for anomaly size comparison

*** JORC (2004 Edition)-compliant inferred resource for the Menninnie Central and Viper deposits was reported by Terramin Australia Limited (ASX: TZN) on 1st March 2011**

Zone	Tonnes x10^3	Zn (%)	Pb (%)	Ag (%)	Pb + Zn (%)
Total Menninnie Central	5,240	3.5	2.7	28	6.1
Total Viper	2,460	2.3	2.4	24	4.8
Total Menninnie Central and Viper	7,700	3.1	2.6	27	5.7

Inferred Resource (at 2.5% Pb+Zn cut-off) as at 15 February 2011

MGV is not aware of any new information that would affect the material nature of this resource calculation.

*Competent Person's Statement

The information in this report that relates to Mineral Resources or Ore Reserves is based on information 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 2004 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.

Deering Hills Project

EL5172 & EL5173 – formerly EL3941 & EL3942 (100% Musgrave Minerals Ltd)

- **Extensive geochemical vacuum drilling program completed**
- **Regional gravity survey completed defining areas of prospective Giles Complex rocks under cover**
- **Minbar and Caliban targets returned highly anomalous nickel, copper and PGE (Platinum Group Elements) values increasing the prospectivity for massive Ni-Cu sulphides**
- **Vacuum drilling at Alvey target identified area prospective for stratiform PGE mineralisation**
- **Grant of high priority Pallatu tenement**
- **Basement drill testing of targets planned for late in 2013**

The Deering Hills Project is in the centre of the Musgrave geological province about 200km west of the Stuart Highway and Adelaide to Darwin rail line (Figure 6).

The focus at Deering Hills is to continue to define and develop targets in preparation for basement drill testing for massive nickel-copper sulphides. A total of 813 shallow geochemical vacuum holes for more than 14,000m were drilled at Deering Hills during the year to a maximum depth of 55m. This drilling defined co-incident basement nickel-copper and PGE anomalies at Minbar, Caliban (formally called West Pallatu) and Alvey for further follow-up exploration. All three targets are co-incident with strong gravity highs and magnetic responses permissive with possible magmatic nickel-copper sulphide mineralisation.

Results from shallow geochemical vacuum drilling at the Minbar target returned highly anomalous nickel, copper and PGE values over an area that is 1.5km in length. Peak values at Minbar were 1847ppm Ni, 482ppm Cu and 121ppb Pt + Pd (PGE). These values are high for shallow geochemical drilling and suggest a sulphide source.

Previous drilling by Mithril Resources Ltd intersected a PGE mineralised horizon with the best intersection 17.1m @

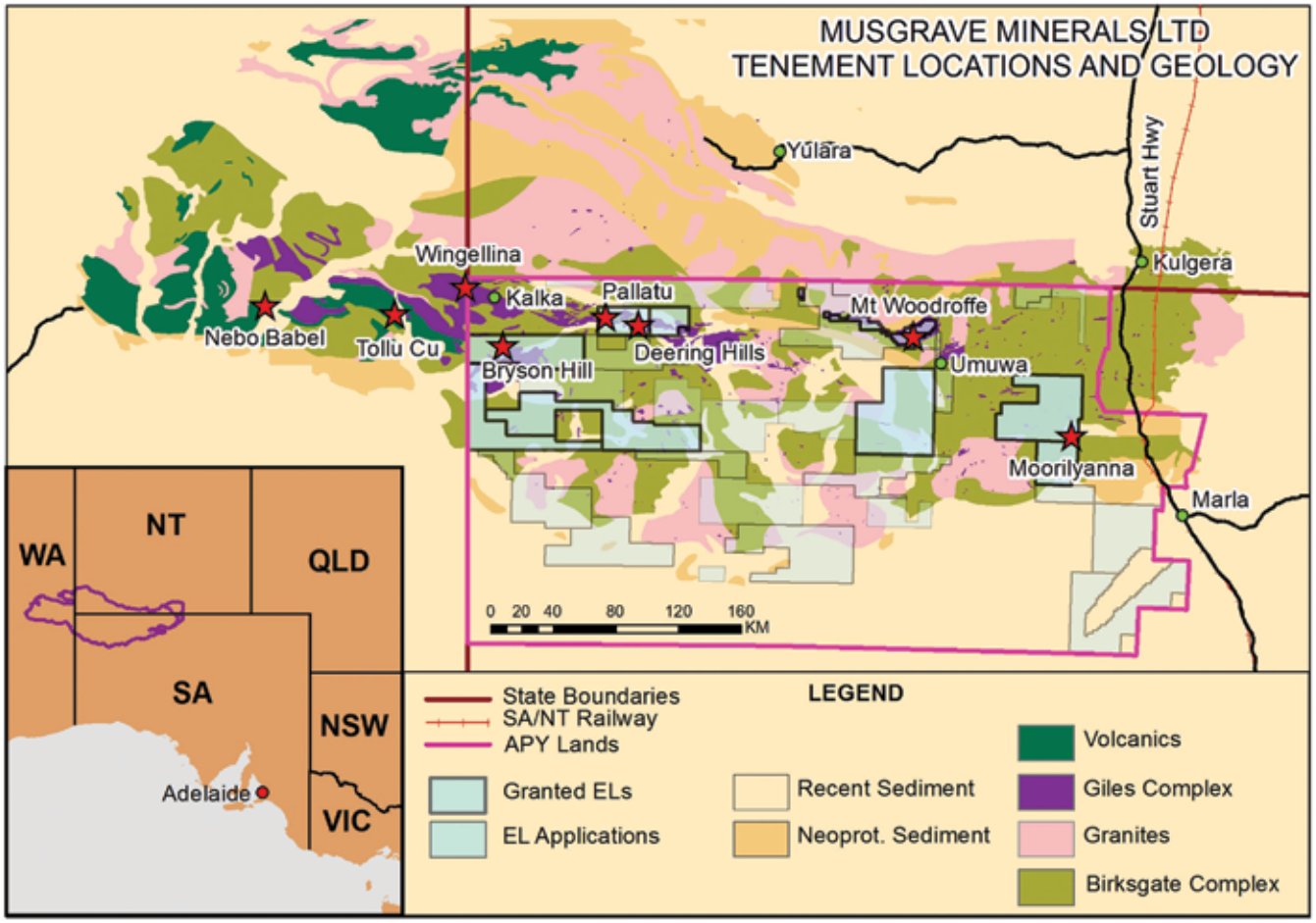

Figure 6: Location of MGV's Musgrave geological province tenements, South Australia.

Vacuum drilling at Deering Hills

0.49g/t Pt + Pd including 8m @ 0.77g/t Pt + Pd. Shallow vacuum geochemical drilling by Musgrave at the Alvey target identified a second, to date untested horizon, prospective for stratiform PGE mineralisation similar to that in the PGE-rich Bushveld Complex of South Africa. The geochemical target has been defined over a strike length of approximately 2.5km within rock types favourable to host this style of mineralisation. At the Alvey PGE target, two detailed infill geochemical vacuum drill lines (25m spaced holes) returned two strong gold assays of 43ppb and 66ppb Au. These holes also contained strong PGE, nickel and copper anomalism.

The Caliban nickel-copper geochemical target (Figure 7) extends over 1km of strike in favourable gabbroic basement rock types. The results at Caliban and Minbar are highly anomalous for this style of sampling. The Caliban geochemical anomaly is 3km along strike from the highly rated Pallatu VTEM targets.

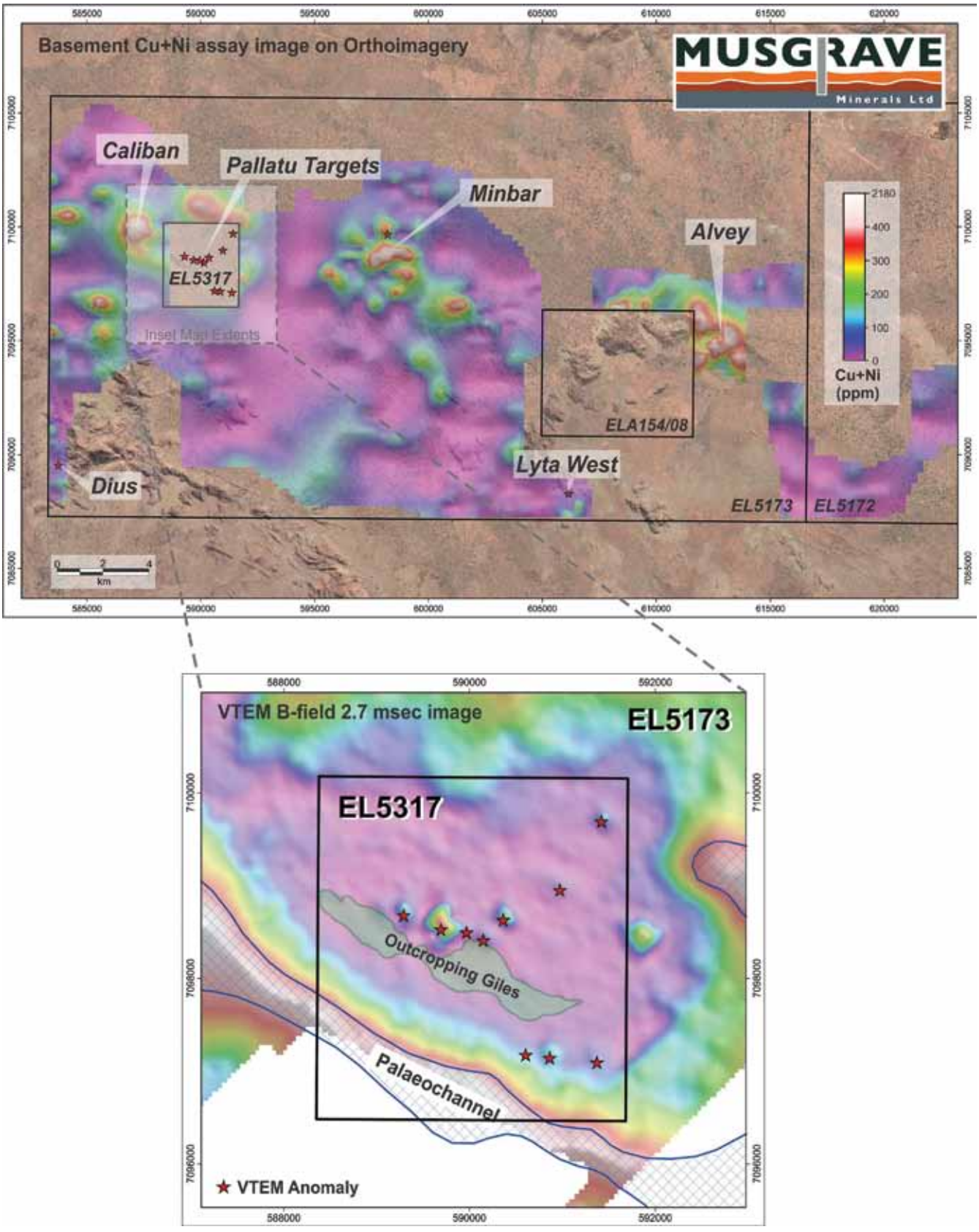

Figure 7: Image showing new Pallatu licence with Ni-Cu vacuum geochemical drilling result and VTEM targets (red stars) on orthoimage and VTEM B-field image as insert

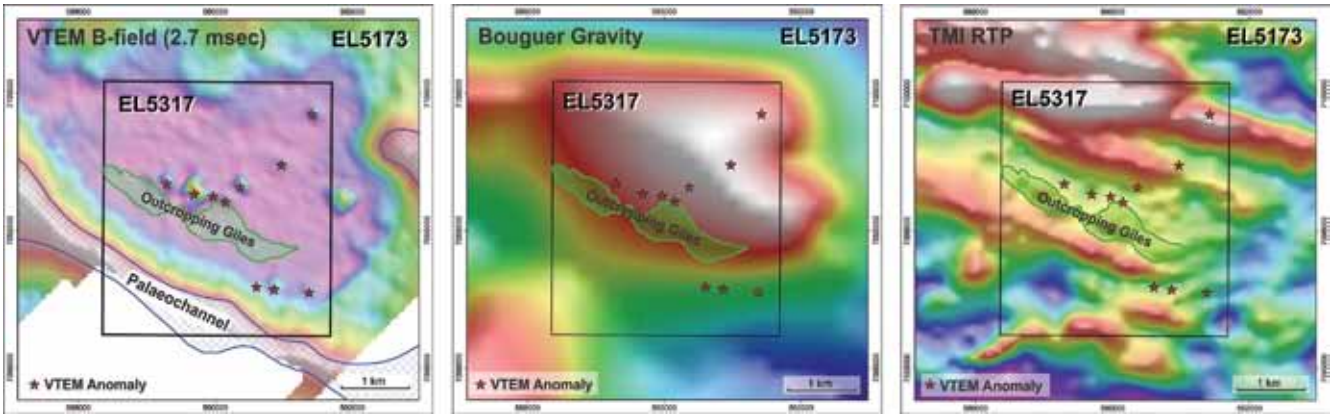

Figure 8: Image showing new Pallatu licence with VTEM targets, co-incident Bouguer gravity anomaly and magnetic anomalies in relation to the known Giles Complex mafic/ultramafic intrusives. The remainder of the licence is under shallow sand cover.

The vacuum geochemical drilling program also covered initial traverses across the Lyta, Dius and Vintari targets. Ground EM over VTEM and geochemical anomalies is planned for later in 2013 to better define precise drill hole locations for basement drill testing at Deering Hills.

The granting of the Pallatu tenement (EL5317) in August 2013 is a significant step towards accessing and drill testing ten high priority VTEM targets within this new exploration licence.

The new licence (Figure 7) covers a very prospective area of known Giles Complex intrusives adjacent to a number of high priority VTEM conductors modelled under shallow sand cover. Giles Complex intrusives are known to host nickel sulphide mineralisation elsewhere in the Musgrave Province. A VTEM survey flown by Musgrave Minerals to detect massive sulphide mineralisation highlighted a cluster of 10 priority conductive targets at Pallatu for follow-up.

The VTEM targets at Pallatu are along strike from the anomalous nickel-copper-PGE (platinum group element) geochemical anomalies identified from shallow vacuum drilling at Caliban and Minbar (Figure 7) and are co-incident with a large gravity anomaly and magnetic response (Figure 8). This is consistent with the geophysical response from other known magmatic nickel sulphide deposits of this model type.

Mimili Project

EL5174 & EL5175 – formerly EL3954 & EL3955 (100% Musgrave Minerals Ltd)

- **Geochemical sampling completed at Ragnar target**
- **Regional soil geochemical program identified nickel and copper targets for follow-up**
- **New VTEM anomalies identified at West Graben**

Musgrave Minerals owns 100% of the Mimili Project which consists of two exploration licences, EL5174 and EL5175. The project is situated 40km west of the Stuart Highway and approximately 70km north-west of Marla in South Australia (Figure 6).

Moorilyanna Prospect

The Moorilyanna copper-gold prospect is located on tenement EL5175 less than 40km from the Stuart Highway and Adelaide to Darwin rail line.

Musgrave Minerals undertook a regional soil geochemical program over the Ragnar target area at Moorilyanna. The survey successfully identified a number of copper geochemical targets for follow-up exploration including an anomaly overlying the untested IP target near MOORC016 (Figure 9).

The 2012 VTEM survey delineated three local bedrock conductors in the south west corner of EL5175 referred to as the West Graben targets. Follow up work will include geochemical sampling and ground EM.

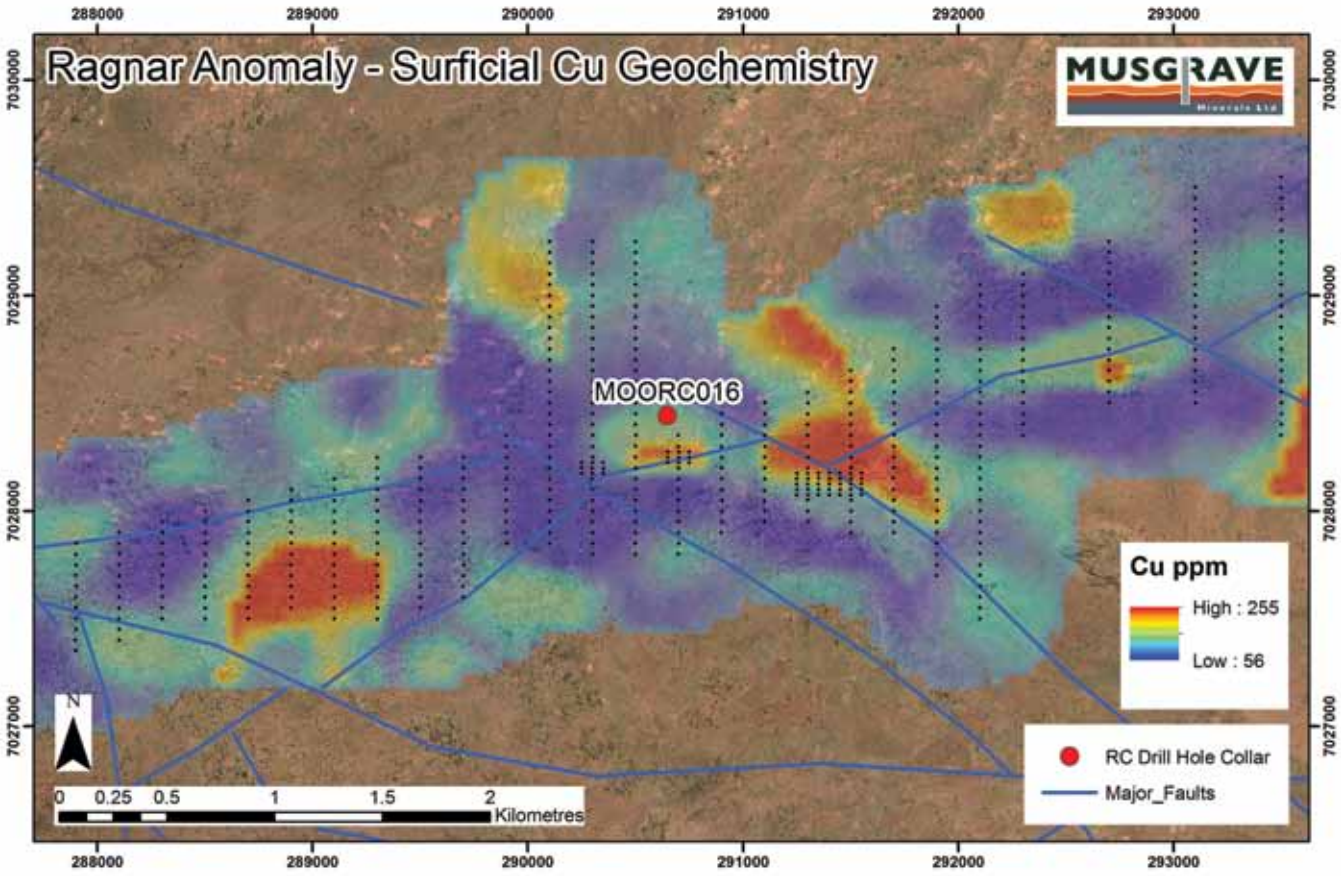

Figure 9: Schematic gridded image of Ragnar copper geochemical targets shown on orthoimage

Bryson Hill landscape

Mimili Regional

Musgrave Minerals undertook a regional mapping and surface geochemical sampling over the Mail Road target area in the northern part of EL5175. The survey confirmed a number of copper and nickel geochemical targets for follow-up exploration including anomalous surface copper and nickel samples at Valeri containing peak values of 308ppm Cu and 491ppm Ni. This is encouraging as the Valeri target is coincident with both an aeromagnetic and gravity high.

Further follow-up is planned.

Field camp at Moorilyanna

Mt Woodroffe Project

EL5171 – formerly EL3940 (100% Musgrave Minerals Ltd)

- **Airborne VTEM survey identifies targets for further exploration**
- **Surface Ni-Cu geochemical soil anomalies identified at the Rimmer target**
- **Rock chip sampling at the Kochanski target returned anomalous peak values of 0.14% Cu and 727ppm Ni.**

The Mt Woodroffe Project is situated on EL5171 within a large, geologically complex area, straddling the Mann Fault Complex and Woodroffe Thrust Zone in the central Musgrave Province (Figure 6). It covers an area of approximately 424km^2.

Musgrave flew a 645 line km airborne VTEM survey over the Mt Woodroffe tenement and identified a number of priority targets for follow-up including the Lister, Rimmer, Skutters, Kochanski and Starbug targets (Figure 10). All five targets are co-incident with regional gravity and magnetic highs consistent with the magmatic nickel-copper sulphide model.

Follow-up of these targets commenced with Musgrave conducting geochemical sampling over the targets in the June quarter. A number of surface geochemical soil anomalies were identified including peak copper and nickel anomalism of 308ppm Cu and 171ppm Ni at the Rimmer target and 443ppm Ni at the Skutters target.

Further exploration including additional soil and rock-chip sampling and ground EM surveys are planned.

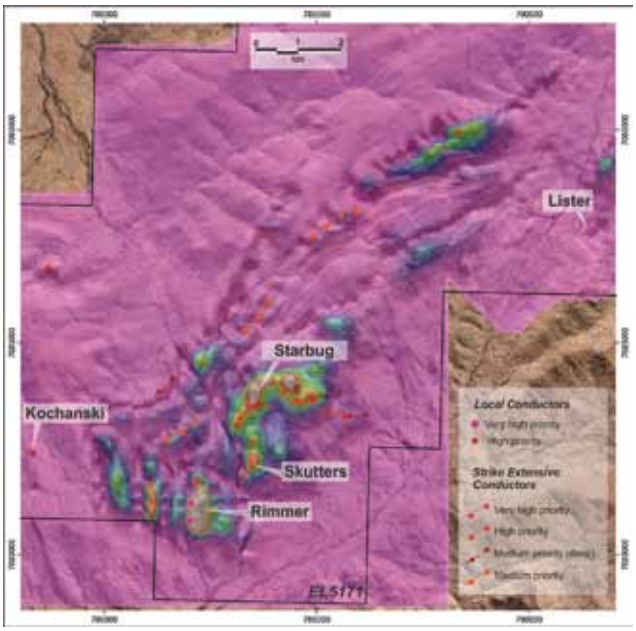

Figure 10: Mt Woodroffe VTEM targets with VTEM colour EM amplitude image overlaying ortho-image

Musgrave Principal Geologist Justin Gum mapping at Mt Woodroffe

Bryson Hill Project

EL5205 – formerly EL4047 (Musgrave Minerals Ltd earning 75% from Pitjantjatjara Mining Company Pty Limited and Zeil No. 1 Pty Limited)

The Bryson Hill Project covers an area of approximately 1,535km^2 and is located in the far easterly portion of the SA Musgrave Province. The tenement is covered by spinifex sand plains and dunes with only very minimal sub-crop. Little previous exploration has been undertaken within the tenement area.

Musgrave flew an airborne VTEM survey over portions of the large Bryson Hill project area and identified a number of priority targets for follow-up. Mapping and geochemical sampling commenced at Bryson Hill in the June quarter.

Other Musgrave Province Projects

During the year, Musgrave Minerals submitted heritage survey requests for tenements EL4850, EL4851, EL4852 and EL4853. Heritage surveys have commenced on EL4850 with exploration due to commence later this year.

Musgrave Minerals holds a 100% interest in three of the licences (EL4850, EL4852, and EL4853) and can earn up to a 75% interest in EL4851.

The new licences cover areas that are considered prospective for magmatic nickel-copper sulphide deposits and are interpreted to be predominantly covered by thin (<20m) aeolian sand with minor outcropping and sub-cropping geology. With the newly granted licences, Musgrave Minerals has a total of 10 granted exploration licences and 32 exploration licence applications in the South Australian portion of the Musgrave Province.

Competent Person's Statement

The information in this report that relates to Exploration Results is based on information compiled by Mr Robert Waugh. Mr Waugh 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 of Musgrave Minerals Limited. Mr Waugh has sufficient industry experience to qualify as a Competent Person as defined in the 20012 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 their 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 report 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.

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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.

Summary of Tenements

Tenement	Previous Tenement ID	Project	Locality	Status	Area (km^2)	MGV Interest
EL1996/260		Musgrave	SA	Application	519	100%
EL1996/262		Musgrave	SA	Application	463	100%
EL1996/336		Musgrave	SA	Application	653	100%
EL1996/337		Musgrave	SA	Application	1854	100%
EL1996/338		Musgrave	SA	Application	620	100%
EL1996/339		Musgrave	SA	Application	1301	100%
EL1996/340		Musgrave	SA	Application	2198	100%
EL1996/341		Musgrave	SA	Application	1230	100%
EL1996/342		Musgrave	SA	Application	2136	100%
EL1996/534		Musgrave	SA	Application	1783	100%
EL1997/040		Musgrave	SA	Application	1507	100%
EL1997/053		Musgrave PMC JV	SA	Application	1013	0% (may earn up to 75%)
EL1997/055		Musgrave PMC JV	SA	Application	595	0% (may earn up to 75%)
EL1997/056		Musgrave PMC JV	SA	Application	1241	0% (may earn up to 75%)
EL1997/057		Musgrave PMC JV	SA	Application	1656	0% (may earn up to 75%)
EL1997/058		Musgrave PMC JV	SA	Application	1721	0% (may earn up to 75%)
EL1997/059		Musgrave PMC JV	SA	Application	2308	0% (may earn up to 75%)
EL1997/060		Musgrave PMC JV	SA	Application	666	0% (may earn up to 75%)
EL1997/061		Musgrave PMC JV	SA	Application	2108	0% (may earn up to 75%)
EL1997/062		Musgrave PMC JV	SA	Application	1926	0% (may earn up to 75%)
EL1997/063		Musgrave PMC JV	SA	Application	1957	0% (may earn up to 75%)
EL1997/143		Musgrave	SA	Application	1040	100%
EL1997/144		Musgrave	SA	Application	835	100%
EL1997/186		Musgrave	SA	Application	1815	100%
EL1997/297		Musgrave	SA	Application	2015	100%
EL1997/321		Musgrave	SA	Application	624	100%
EL1997/468		Musgrave	SA	Application	215	100%
EL1997/605		Musgrave	SA	Application	152	100%
EL1999/035		Musgrave	SA	Application	692	100%
EL2001/031		Musgrave	SA	Application	338	100%

Tenement	Previous Tenement ID	Project	Locality	Status	Area (km^2)	MGV Interest
EL2008/154		Musgrave	SA	Application	37	100%
EL2008/156		Musgrave	SA	Application	12	100%
EL4850		Musgrave	SA	Granted	2385	100%
EL4851		Musgrave PMC JV	SA	Granted	2360	0% (may earn up to 75%)
EL4852		Musgrave	SA	Granted	1342	100%
EL4853		Musgrave	SA	Granted	1256	100%
EL5170	EL3940	Musgrave	SA	Granted	424	100%
EL5171	EL3941	Musgrave	SA	Granted	427	100%
EL5172	EL3942	Musgrave	SA	Granted	565	100%
EL5173	EL3954	Musgrave	SA	Granted	714	100%
EL5174	EL3955	Musgrave	SA	Granted	1906	100%
EL5205	EL4047	Musgrave PMC JV	SA	Granted	1535	0% (may earn up to 75%)
EL5039		Musgrave-Menninnie Metals JV	SA	Granted	101	0% (may earn up to 75%)
EL4813		Musgrave-Menninnie Metals JV	SA	Granted	312	0% (may earn up to 75%)
EL4285		Musgrave-Menninnie Metals JV	SA	Granted	208	0% (may earn up to 75%)
EL4669		Musgrave-Menninnie Metals JV	SA	Granted	988	0% (may earn up to 75%)
EL4865		Musgrave-Menninnie Metals JV	SA	Granted	862	0% (may earn up to 75%)

Appendix 1: Summary of Menninnie Dam Drill Hole Locations and Significant Results

Drill Hole ID	Drill Type	Prospect	Easting (m)	Northing (m)	Az	Dip (degrees)	RL	Total Depth (m)	From (m)	Interval (m)	Zn (%)	Pb (%)	Ag (g/t)	Au (g/t)
MDRC16	RC	Phone Hill	629646	6383501	283	-60	294	90	NSA					
MDRC17	RC	Phone Hill	629647	6383103	275	-60	296	120	NSA					
MDRC18	RC	Phone Hill	629893	6383505	277	-60	302	150	NSA					
MDRC19	RC	Phone Hill	630103	6383515	280	-60	310	72	NSA					
MDRC20	RC	Phone Hill	630604	6383554	280	-60	319	72	NSA					
MDRC21	RC	Phone Hill	630304	6383903	96	-60	319	144	NSA					
MDRC22	RC	Phone Hill	630253	6383904	106	-60	318	198	NSA					
MDRC23	RC	Phone Hill	629895	6384620	277	-60	303	48	19	2	0.46	-	-	-
MDRC24	RC	Viper	632877	6385154	270	-60	303	84	NSA					
MDRC25	RC	Viper	632943	6385007	270	-60	309	125	32	1	0.14	-	4.8	-
									0	1	0.42	0.42	2.3	-
									51	1	0.56	1.23	2.9	-
MDRC26	RC	Viper	632950	6384801	270	-60	287	156	60	6	0.46	0.47	49.4	-
MDRC27	RC	Viper	632885	6385276	270	-60	275	156	48	2	0.75	0.90	4.0	-
MDRC28	RC	Viper	635998	6387546	270	-60	284	156	68	20	0.26	0.07	12.4	-
							Including		87	1	3.49	0.74	21.1	
MDRC29	RC	Mannequin	635755	6387645	270	-60	276	102	NSA					
MDRC30	RC	Mannequin	635835	6387649	270	-60	280	102	13	1	-	-	7.3	-
MDRC31	RC	Mannequin	635247	6388556	270	-60	272	132	30	1	-	-	5.3	-
									33	1	-	-	4.5	-
									50	1	-	-	11.4	-
									66	1	-	-	4.2	-
									84	1	0.43	-	1.0	-
									89	9	0.45	-	-	-
									121	1	0.44	0.12	2.4	-
									55	1	-	-	5.7	-
									88	1	-	0.40	-	-
MDRC32	RC	Mannequin	635337	6388557	270	-60	276	90	55	1	-	-	5.7	-
									88	1	-	0.40	-	-
MDRC33	RC	Tank Hill	635207	6392249	277	-60	265	198	149	1	0.72	0.06	2.9	0.02
MDRC34	RC	Tank Hill	635003	6392255	97	-60	265	151	NSA					
MDRC35	RC	Tank Hill	635297	6392267	277	-60	268	158	NSA					
MDRC36	RC	Tank Hill	635194	6392406	270	-60	268	109	NSA					
MDRC37	RC	Tank Hill	635346	6391986	270	-60	273	199	125	3	0.34	0.04	5.70	0.03

Drill Hole ID	Drill Type	Prospect	Easting (m)	Northing (m)	Az	Dip (degrees)	RL	Total Depth (m)	From (m)	Interval (m)	Zn (%)	Pb (%)	Ag (g/t)	Au (g/t)
MDRC38	RC	Mannequin North	635593	6389679	270	-60	220	121	51	1	0.04	0.01	5.10	0.02
									56	1	0.06	0.02	10.10	0.02
									66	1	0.59	0.22	1.20	0.02
									84	4	0.03	0.03	5.10	-
									91	1	0.04	0.03	4.60	0.02
									95	1	0.06	0.02	4.70	-
									97	2	0.05	0.03	4.75	-
									101	1	0.07	0.26	9.10	-
MDRC39	RC	Tank Hill	636002	6391753	180	-60	261	211	132	30	1.90	0.46	20.51	0.27
							including		6	4.92	0.74	62.13	1.17	
MDRC39	RC	Tank Hill	636002	6391753	180	-60	261	211	168	1	0.47	0.20	17.30	0.03
									181	1	0.47	0.05	3.80	0.10
MDRC40	RC	Tank Hill	635998	6391696	180	-60	262	156	10	1	0.01	0.56	0.90	-
									16	1	0.01	0.46	0.70	-
MDRC40	RC	Tank Hill	635998	6391696	180	-60	262	156	24	6	0.06	0.26	7.93	0.03
							including		25	1	0.07	0.49	19.70	0.12
MDRC40	RC	Tank Hill	635998	6391696	180	-60	262	156	35	2	0.03	0.08	4.60	0.04
									61	1	0.44	0.06	1.90	-
									75	1	0.64	0.10	2.50	-
									86	1	0.76	0.19	6.40	0.11
									98	1	0.37	0.06	9.00	0.03
									102	2	0.57	0.07	2.35	0.01
									124	1	0.31	0.04	5.90	-
MDRC41	RC	Tank Hill	636003	6391814	180	-60	262	210	70	2	0.05	0.35	5.80	0.05
									95	1	0.02	0.01	4.00	0.23
									101	1	0.13	0.26	8.60	0.18
									174	3	0.07	0.02	6.30	0.10
									180	2	0.21	0.71	21.40	0.33
									189	1	0.09	0.13	10.90	-
MDRC41	RC	Tank Hill	636003	6391814	180	-60	262	210	190	3	1.58	1.04	12.60	0.01
							including		191	1	3.03	1.91	21.40	-
MDRC41	RC	Tank Hill	636003	6391814	180	-60	262	210	196	1	0.39	0.26	6.60	-
									199	1	0.30	0.10	7.50	0.06
MDRC42	RC	Tank Hill	635942	6391633	180	-60	260	234	41	1	0.00	0.03	6.40	0.10
									45	1	0.51	0.04	0.70	-
									66	1	0.29	0.18	4.50	0.02
MDRC42	RC	Tank Hill	635942	6391633	180	-60	260	234	69	5	0.67	0.33	6.54	0.04
							including		70	1	1.55	0.48	10.50	0.01

Drill Hole ID	Drill Type	Prospect	Easting (m)	Northing (m)	Az	Dip (degrees)	RL	Total Depth (m)	From (m)	Interval (m)	Zn (%)	Pb (%)	Ag (g/t)	Au (g/t)
MDRC42	RC	Tank Hill	635942	6391633	180	-60	260	234	76	2	0.24	0.13	4.85	0.02
									157	1	0.46	0.04	0.90	-
									188	2	0.06	0.03	9.45	-
									204	5	0.03	0.01	5.42	0.13
									211	1	0.01	0.01	4.80	0.11
MDRC43	RC	Tank Hill	636066	6391747	180	-60	258	114	40	1	0.17	0.05	4.60	-
									77	1	0.32	0.09	6.40	-
									80	1	1.34	0.05	1.00	-
									81	1	0.28	0.05	4.00	-
MDRC44	RC	Tank Hill	636167	6391751	180	-60	264	192	41	5	0.01	0.02	7.50	0.21
									61	1	0.11	0.08	16.30	0.09
									70	2	0.19	0.07	6.25	0.04
MDRC44	RC	Tank Hill	636167	6391751	180	-60	264	192	88	6	0.39	0.42	23.72	0.06
							including		89	1	0.60	1.69	88.50	0.07
MDRC44	RC	Tank Hill	636167	6391751	180	-60	264	192	120	4	0.39	0.17	8.10	-
MDRC44	RC	Tank Hill	636167	6391751	180	-60	264	192	126	22	0.71	0.38	44.1	0.09
							including		138	2	4.17	0.87	267	0.44
MDRC44	RC	Tank Hill	636167	6391751	180	-60	264	192	143	5	0.19	0.19	10.50	0.05
MDRC45	RC	Tank Hill	635838	6391532	270	-60	262	96	NSA					
MD117	Diam	Tank Hill	636002	6391785	180	-60	262	267	156.00	2.50	0.30	0.07	5.4	0.11
									162.50	1.50	0.22	0.09	9.2	0.08
									171.50	1.00	0.71	0.18	13.7	0.04
									194.18	0.82	0.05	0.07	7.5	0.11
									206.15	0.70	0.34	0.15	13.3	0.04
NORC01	RC	Nonning	638829	6395996	270	-60	235	103	NSA					

Drill Hole ID	Drill Type	Prospect	Easting (m)	Northing (m)	Azimuth (degrees)	Dip (degrees)	Total Depth (m)	From (m)	To (m)	Interval (m)	TGC (%)
MDRC31	RC	Mannequin	635247	6388556	270	-60	132	44	45	1	7.1*
								60	70	10	6.3
MDRC32	RC	Mannequin	635337	6388557	270	-60	90	70	75	5	5.9
								85	87	2	6.2*

Notes (see JORC 2012 Table 1 Menninie Dam Project for further details)

1. All intervals recorded in this table are above 0.4% Zn and containing no more than 1m of internal dilution below 0.4% Zn
2. High grade interval is above 1.0% Zn
3. NSA (no significant assay) – No assay above 4g/t Ag, 0.4% Zn or 0.4% Pb or 5.0% TGC
4. No high grade cut was used
5. g/t (grams per tonne)

Appendix 2a: Summary of MGV Deering Hills Vacuum Drill Hole Locations and Significant Results

Drill Hole ID	Target	Easting (m)	Northing (m)	Azimuth (degrees)	Dip (degrees)	Total Depth (m)	From (m)	To (m)	Interval (m)	Ni (ppm)	Cu (ppm)	Pt + Pd (ppb)
DEEVAC220	Alvey	612000	7095750	360	-90	28.8	27	28.8	1.8	485	174	331
DEEVAC220	Alvey	612000	7095750	360	-90	28.8	25.2	27	1.8	486	155	309
DEEVAC228	Alvey	612500	7094750	360	-90	12.6	10.8	12.6	1.8	552	325	116
DEEVAC892	Alvey	612500	7095400	360	-90	17.4	15.6	17.4	1.8	337	180	139
DEEVAC1078	Alvey	613101	7094902	360	-90	37.2	35.4	37.2	1.8	775	142	109
DEEVAC1079	Alvey	613098	7094925	360	-90	37.2	33.6	35.4	1.8	622	121	71
DEEVAC1079	Alvey	613098	7094925	360	-90	37.2	35.4	37.2	1.8	566	107	40
DEEVAC1080	Alvey	613099	7094952	360	-90	37.2	33.6	35.4	1.8	456	136	60
DEEVAC1080	Alvey	613099	7094952	360	-90	37.2	35.4	37.2	1.8	489	107	37
DEEVAC1081	Alvey	613102	7094976	360	-90	37.2	35.4	37.2	1.8	486	145	119
DEEVAC1082	Alvey	613100	7094998	360	-90	37.2	35.4	37.2	1.8	551	210	85
DEEVAC1083	Alvey	613099	7095026	360	-90	37.2	31.8	33.6	1.8	801	318	172
DEEVAC1083	Alvey	613099	7095026	360	-90	37.2	33.6	35.4	1.8	550	234	60
DEEVAC1084	Alvey	613101	7095053	360	-90	33.6	30	31.8	1.8	509	230	64
DEEVAC1084	Alvey	613101	7095053	360	-90	33.6	31.8	33.6	1.8	444	161	27
DEEVAC1085	Alvey	613096	7095076	360	-90	31.8	28.2	30	1.8	406	141	74
DEEVAC1089	Alvey	612001	7095824	360	-90	28	24.6	26.4	1.8	525	121	176
DEEVAC1090	Alvey	611996	7095854	360	-90	28.65	26.4	28.2	1.8	640	155	161
DEEVAC1091	Alvey	612000	7095873	360	-90	30	28.2	30	1.8	416	100	104
DEEVAC1093	Alvey	611700	7095550	360	-90	13.8	12	13.8	1.8	764	121	35
DEEVAC279	Caliban	587500	7099500	360	-90	53.4	49.8	51.6	1.8	446	402	6
DEEVAC1170	Caliban	587506	7099699	360	-90	37.2	22.8	24.6	1.8	614	302	16
DEEVAC1172	Caliban	587500	7099900	360	-90	33	24.6	26.4	1.8	931	163	10
DEEVAC1176	Caliban	587500	7100399	360	-90	26.4	17.2	19	1.8	625	442	41
DEEVAC083	Minbar	598500	7098000	360	-90	25.2	18	19.8	1.8	1397	305	103
DEEVAC083	Minbar	598500	7098000	360	-90	25.2	19.8	21.6	1.8	619	135	114
DEEVAC083	Minbar	598500	7098000	360	-90	25.2	21.6	23.4	1.8	1847	331	56
DEEVAC104	Minbar	601500	7096500	360	-90	29.7	27	28.8	1.8	1044	482	56
DEEVAC361	Minbar	598000	7098500	360	-90	6.6	3	4.8	1.8	946	59	34
DEEVAC361	Minbar	598000	7098500	360	-90	6.6	4.8	6.6	1.8	976	105	84
DEEVAC690	Minbar	599000	7098700	360	-90	15.6	13.8	15.6	1.8	483	364	121
DEEVAC695	Minbar	599000	7098100	360	-90	28.2	26.4	28.2	1.8	400	308	103
DEEVAC722	Minbar	598000	7099200	360	-90	13.8	12	13.8	1.8	972	90	37
DEEVAC725	Minbar	597500	7098300	360	-90	8.4	6.6	8.4	1.8	524	412	70

Notes (see JORC 2012 Table 1. Musgrave Project for further details)

1. All intervals with coincident Ni (>400ppm Ni) and Cu (>100ppm Cu) are recorded here
2. NSA (no significant assay)
3. ppm (parts per million)
4. ppb (parts per billion)

Appendix 2b: Summary of Historical Mithril Resources Ltd Deering Hills RC Drill Hole Locations and Significant Results

Drill Hole ID	Target	Easting (m)	Northing (m)	Azimuth (degrees)	Dip (degrees)	Total Depth (m)	From (m)	To (m)	Interval (m)	Ni (ppm)	Cu (ppm)	Pt + Pd (ppb)
MAD 1	Alvey	611764	7095200	389	-60	358	273	287.4	14.4	461	90	465
							277	283	6	381	90	813
MAD 2	Alvey	611960	7095135	399	-60	358	358	360.8	2.8	546	335	451
							382	399.1	17.1	485	181	494
					including		386	394	8	531	223	771

Notes (see JORC 2012 Table 1, Musgrave Project for further details)

1. Co-ordinates are in UTM grid (GDA94 Z52) and have been measured by hand-held GPS
2. Drilling was undertaken utilising a diamond drilling rig
3. Diamond core was cut using a manually operated core saw
4. All samples are analysed at geological intervals between 0.2 and 2m lengths
5. Geological sample logging was undertaken at variable intervals based on geology with colour, alteration and lithology recorded for each interval
6. Sample preparation and sample analysis is undertaken by ALS Chemex
7. Sample preparation by dry pulverisation and multi element analysis by four acid digest (hydrochloric, nitric, perchloric and hydrofluoric acid) and ICP-AES to acceptable detection limits and Au, Pt and Pd by 30g FA 1CP-AES
8. Analysis for a total of 36 elements is recorded including possible deleterious elements such as arsenic
9. An accurate dip and strike of the mineralisation is yet to be determined and the true width of the intercepts is not yet known
10. ppm (parts per million)
11. ppb (parts per billion)

The following section is provided to ensure compliance with the JORC (2012) requirements for the reporting of exploration results.

Menninnie Dam Project

JORC 2012 TABLE 1

Section 1 Sampling Techniques and Data

Criteria	Explanation	Commentary
Sampling techniques	Nature and quality of sampling (eg cut channels, random chips, or specific specialised industry standard measurement tools appropriate to the minerals under investigation, such as down hole gamma sondes, or handheld XRF instruments, etc). These examples should not be taken as limiting the broad meaning of sampling.	Drilling is undertaken on a priority basis with drill type and hole spacing influenced by geological, topographical and physical factors. Sampling is undertaken using standard industry practices. Surface geochemical sampling is undertaken following standard industry practice using stainless steel or nylon mesh sieves.
	Include reference to measures taken to ensure sample representivity and the appropriate calibration of any measurement tools or systems used.	Drill hole co-ordinates are in UTM grid (GDA94 Z53) and have been measured by hand-held GPS with an accuracy of ±4 metres.
	Aspects of the determination of mineralisation that are Material to the Public Report. In cases where 'industry standard' work has been done this would be relatively simple (eg 'reverse circulation drilling was used to obtain 1m samples from which 3kg was pulverised to produce a 30g charge for fire assay'). In other cases more explanation may be required, such as where there is coarse gold that has inherent sampling problems. Unusual commodities or mineralisation types (eg submarine nodules) may warrant disclosure of detailed information.	Diamond drilling is used to obtain samples varying in length from 0.2 to 2m. Reverse circulation (RC) drilling was used to obtain 1m samples. All RC samples are chips and are homogenously split using a cyclone splitter and analysed as 5m composites or individual 1m samples. Individual 1m samples were analysed where elevated base metals or favourable alteration was identified. Individual samples weigh less than 3kg to ensure total preparation at the laboratory pulverization stage. The sample size is deemed appropriate for the grain size of the material being sampled.
Drilling techniques	Drill type (eg core, reverse circulation, open-hole hammer, rotary air blast, auger, Bangka, sonic, etc) and details (eg core diameter, triple or standard tube, depth of diamond tails, face-sampling bit or other type, whether core is oriented and if so, by what method, etc).	A combination of RC and diamond drilling is undertaken. Diamond core is a combination of NQ2 and HQ. Drill core is orientated using a down hole spear and structural measurements recorded in "Geo-calculator" software program.
Drill sample recovery	Method of recording and assessing core and chip sample recoveries and results assessed.	Diamond core recoveries are logged and recorded in the database. No significant core loss issues were identified. Total RC sample weights are monitored but not individually recorded in reconnaissance drilling and as such sample recovery is not accurately measured.

Criteria	Explanation	Commentary
Drill sample recovery *(continued)*	Measures taken to maximise sample recovery and ensure representative nature of the samples.	Diamond core is reconstructed into continuous intervals on angle iron racks for orientation and reconciliation against core block markers. Rod and metre counts are routinely carried out by the driller. RC samples are split using a cyclone or riffle splitter to ensure representative sampling. Composite samples are combined using a spear (tube) sampler.
	Whether a relationship exists between sample recovery and grade and whether sample bias may have occurred due to preferential loss/ gain of fine/coarse material.	No bias has been observed between sample recovery and grade.
Logging	Whether core and chip samples have been geologically and geotechnically logged to a level of detail to support appropriate Mineral Resource estimation, mining studies and metallurgical studies.	Geotechnical logging was carried out on diamond core for recovery and RQD. All geological, structural and alteration related observations are stored in the database for both RC and diamond core.
	Whether logging is qualitative or quantitative in nature. Core (or costean, channel, etc) photography.	Logging of lithology, structure, alteration, mineralisation, colour and other features of core or RC chips is undertaken on a routine basis. Both wet and dry photography of diamond core is undertaken on a tray by tray basis.
	The total length and percentage of the relevant intersections logged.	All drill holes are logged in full.
Sub-sampling techniques and sample preparation	If core, whether cut or sawn and whether quarter, half or all core taken.	Diamond core is cut and sampled on geological intervals. A diamond core saw was used to cut the core and selected half core intervals were submitted for analysis.
	If non-core, whether riffled, tube sampled, rotary split, etc and whether sampled wet or dry.	RC samples are cyclone split at 1m intervals and tube sampled as 5m composites. All measures are taken to maintain a dry sample although some samples are wet when significant groundwater is intersected.
	For all sample types, the nature, quality and appropriateness of the sample preparation technique.	Sample preparation and base metal and precious metal analysis is undertaken by Intertek Genalysis, in Wingfield, South Australia. Sample preparation by dry pulverisation to 90% passing 75 micron.
	Quality control procedures adopted for all sub-sampling stages to maximise representivity of samples.	Field QC procedures involve the use of certified reference standards, duplicates and blanks at appropriate intervals.
	Measures taken to ensure that the sampling is representative of the in situ material collected, including for instance results for field duplicate/second-half sampling.	Sampling was carried out using MGV protocols and QAQC procedures as per industry best practice. Duplicate samples are routinely checked against originals.
	Whether sample sizes are appropriate to the grain size of the material being sampled.	Sample sizes are considered appropriate for the commodities and elements explored and analysed for.

Criteria	Explanation	Commentary
Quality of assay data and laboratory tests	The nature, quality and appropriateness of the assaying and laboratory procedures used and whether the technique is considered partial or total.	Drill sample analysis is undertaken by Intertek Genalysis, in Wingfield, South Australia, multi element analysis by four acid total digest (hydrochloric, nitric, perchloric and hydrofluoric acid) and ICP-OES and ICP-MS to acceptable detection limits and Au by FA25/MS. Analysis for a total of 37 elements is recorded. Sample preparation and total graphitic carbon (TGC) analysis was undertaken by Intertek Genalysis, in Maddington, Western Australia. Sample preparation by dry pulverisation and total graphitic carbon analysis by CS Analyser to 0.1% TGC. Soil geochemical sample analysis is undertaken by ACME Labs in Vancouver, Canada. Multi element analysis by aqua regia digestion Ultratrace ICP-MS analysis (1F05 & 1F04)
	For geophysical tools, spectrometers, handheld XRF instruments, etc, the parameters used in determining the analysis including instrument make and model, reading times, calibrations factors applied and their derivation, etc.	No geophysical tools were used to estimate mineral or element percentages. A portable XRF, Niton XL3t 950 GOLD+ was used to assist with sample selection intervals for laboratory analysis.
	Nature of quality control procedures adopted (eg standards, blanks, duplicates, external laboratory checks) and whether acceptable levels of accuracy (ie lack of bias) and precision have been established.	In addition to MGV standards, duplicates and blanks, Genalysis incorporate laboratory QAQC including standards, blanks and repeats as a standard procedure. Certified reference materials that are relevant to the type and style of mineralisation targeted are inserted at regular intervals. ACME incorporate laboratory QAQC including standards, blanks and repeats as a standard procedure.
Verification of sampling and assaying	The verification of significant intersections by either independent or alternative company personnel.	At least two company representatives verify significant intersections including , either the Managing Director, Exploration Manager, Principal Geologist or Project Geologist.
	The use of twinned holes.	No twin holes have yet been drilled by MGV.
	Documentation of primary data, data entry procedures, data verification, data storage (physical and electronic) protocols.	Primary data is collected using a standard set of Excel templates on a Toughbook laptop computer using lookup codes. Geological sample logging was undertaken on one metre intervals for RC drilling with colour, structure, alteration and lithology recorded for each interval. Data is verified before loading to a CSA Global database. Geological logging of all diamond core was undertaken.
	Discuss any adjustment to assay data.	No adjustments or calibrations were made to any assay data reported by MGV.

Criteria	Explanation	Commentary
Location of data points	Accuracy and quality of surveys used to locate drill holes (collar and down-hole surveys), trenches, mine workings and other locations used in Mineral Resource estimation.	Drill hole co-ordinates and surface geochemical sample locations are in UTM grid (GDA94 Z53) and have been measured by hand-held GPS with an accuracy of ±4 metres. Down hole surveys were undertaken utilised a single shot camera recording at intervals varying between 12 and 30m.
	Specification of the grid system used.	Drill hole co-ordinates are in UTM grid (GDA94 Z53)
	Quality and adequacy of topographic control.	Drill hole RL's are approximate using hand held GPS.
Data spacing and distribution	Data spacing for reporting of Exploration Results.	Variable drill hole spacings were used to adequately test targets. Soil samples were collected on variable grid spacings.
	Whether the data spacing and distribution is sufficient to establish the degree of geological and grade continuity appropriate for the Mineral Resource and Ore Reserve estimation procedure(s) and classifications applied.	The mineralisation has not yet been demonstrated to have sufficient continuity to support the definition of Mineral Resource and Reserves under the classification applied under the 2012 JORC Code.
	Whether sample compositing has been applied.	Composite samples on 5m intervals were undertaken outside visually mineralised zones to determine background responses.
Orientation of data in relation to geological structure	Whether the orientation of sampling achieves unbiased sampling of possible structures and the extent to which this is known, considering the deposit type.	The precise dip and strike of the mineralisation is not yet known and it is unclear at this stage whether any sampling has a set bias.
	If the relationship between the drilling orientation and the orientation of key mineralised structures is considered to have introduced a sampling bias, this should be assessed and reported if material.	No orientation based sampling bias is known at this time.
Sample security	The measures taken to ensure sample security.	Chain of custody is managed by MGV. Samples are stored on site and transported to Intertek Genalysis in Wingfield, South Australia by a licenced reputable transport company. When at Genalysis samples are stored in a locked yard before being processed and tracked through preparation and analysis using the Lab Track system.
Audits or reviews	The results of any audits or reviews of sampling techniques and data.	No external audits or reviews of sampling techniques and data have been undertaken.

Section 2 Reporting of Exploration Results

Criteria	Explanation	Commentary
Mineral tenement and land tenure status	Type, reference name/number, location and ownership including agreements or material issues with third parties such as joint ventures, partnerships, overriding royalties, native title interests, historical sites, wilderness or national park and environmental settings.	All drilling has been within tenements EL5039 and EL4813 within the Menninnie Dam Joint Venture between Musgrave Exploration Pty Ltd, a wholly owned subsidiary of Musgrave Minerals Ltd and Menninnie Metals Pty Ltd, a wholly owned subsidiary of Terramin Australia Limited. Musgrave has the right to earn a 51% interest in the Menninnie Dam Project in the first stage, and up to a 75% interest thereafter. The tenements are within the Gawler Range Aboriginal Corporation, Native Title Determination Area.
	The security of the tenure held at the time of reporting along with any known impediments to obtaining a licence to operate in the area.	The tenements are in good standing and no known impediments exist.
Exploration done by other parties	Acknowledgment and appraisal of exploration by other parties.	Terramin Australia and other parties have historically held the area but very little basement drilling has been undertaken outside the Menninnie Central and Viper deposit areas.
Geology	Deposit type, geological setting and style of mineralisation.	Musgrave is exploring for multi commodity style deposits consistent with porphyry-epithermal style systems.
Drill hole Information	A summary of all information material to the understanding of the exploration results including a tabulation of the following information for all Material drill holes: • easting and northing of the drill hole collar • elevation or RL (Reduced Level – elevation above sea level in metres) of the drill hole collar • dip and azimuth of the hole • down hole length and interception depth • hole length.	Refer to appendix 1 in the body of this report.
Data aggregation methods	In reporting Exploration Results, weighting averaging techniques, maximum and/or minimum grade truncations (eg cutting of high grades) and cut-off grades are usually Material and should be stated.	Refer to notes below appendix 1 in the body of this report.
	Where aggregate intercepts incorporate short lengths of high grade results and longer lengths of low grade results, the procedure used for such aggregation should be stated and some typical examples of such aggregations should be shown in detail.	Refer to notes below appendix 1 in the body of this report.
	The assumptions used for any reporting of metal equivalent values should be clearly stated.	No metal equivalent values are currently used for reporting of exploration results.

Criteria	Explanation	Commentary
Relationship between mineralisation widths and intercept lengths	These relationships are particularly important in the reporting of Exploration Results. If the geometry of the mineralisation with respect to the drill hole angle is known, its nature should be reported. If it is not known and only the down hole lengths are reported, there should be a clear statement to this effect (eg 'down hole length, true width not known').	An accurate dip and strike and the controls on mineralisation are yet to be determined and the true width of the intercepts is not yet known.
Diagrams	Appropriate maps and sections (with scales) and tabulations of intercepts should be included for any significant discovery being reported These should include, but not be limited to a plan view of drill hole collar locations and appropriate sectional views.	Refer to figures 1, 2, 3, 4 and 5 and Appendix 1 in the body of this report.
Balanced reporting	Where comprehensive reporting of all Exploration Results is not practicable, representative reporting of both low and high grades and/or widths should be practiced to avoid misleading reporting of Exploration Results.	All drill results are reported.
Other substantive exploration data	Other exploration data, if meaningful and material, should be reported including (but not limited to): geological observations; geophysical survey results; geochemical survey results; bulk samples – size and method of treatment; metallurgical test results; bulk density, groundwater, geotechnical and rock characteristics; potential deleterious or contaminating substances.	All material results from geochemical and geophysical surveys related to these prospects have previously been reported. Analysis for a total of 37 elements is undertaken including possible deleterious elements such as arsenic. Anomalous results are reported.
Further work	The nature and scale of planned further work (eg tests for lateral extensions or depth extensions or large-scale step-out drilling).	A range of exploration techniques are being considered to progress exploration including additional drilling.
	Diagrams clearly highlighting the areas of possible extensions, including the main geological interpretations and future drilling areas, provided this information is not commercially sensitive.	Refer to figures, 3, 4 and 5 in the body of this report.

Musgrave Project

JORC 2012 TABLE 1

Section 1 Sampling Techniques and Data

Criteria	Explanation	Commentary
Sampling techniques	Nature and quality of sampling (eg cut channels, random chips, or specific specialised industry standard measurement tools appropriate to the minerals under investigation, such as down hole gamma sondes, or handheld XRF instruments, etc). These examples should not be taken as limiting the broad meaning of sampling.	Drilling is undertaken on a priority basis with drill type and hole spacing influenced by geological, topographical and physical factors. Sampling is undertaken using standard industry practices. Surface geochemical sampling is undertaken following standard industry practice using stainless steel or nylon mesh sieves.
	Include reference to measures taken to ensure sample representivity and the appropriate calibration of any measurement tools or systems used.	Drill hole co-ordinates are in UTM grid (GDA94 Z52) and have been measured by hand-held GPS with an accuracy of ±4 metres.
	Aspects of the determination of mineralisation that are Material to the Public Report. In cases where 'industry standard' work has been done this would be relatively simple (eg 'reverse circulation drilling was used to obtain 1m samples from which 3kg was pulverised to produce a 30g charge for fire assay'). In other cases more explanation may be required, such as where there is coarse gold that has inherent sampling problems. Unusual commodities or mineralisation types (eg submarine nodules) may warrant disclosure of detailed information.	Diamond drilling is used to obtain samples varying in length from 0.2 to 2m. Reverse circulation (RC) drilling was used to obtain 1m samples. All samples are chips and are homogenously split using a cyclone splitter and are analysed as 5m composites or individual 1m samples. Individual 1m samples were analysed where elevated base metals or favourable alteration was identified. Individual samples weigh less than 3kg to ensure total preparation at the laboratory pulverization stage. The sample size is deemed appropriate for the grain size of the material being sampled. Vacuum drilling is used as a geochemical sampling process to enable metal detection and the interpretation of basement lithology in areas of alluvial, colluvial and aeolian cover. Individual 1.8m samples are only collected from the cover-insitu regolith contact and end of hole.
Drilling techniques	Drill type (eg core, reverse circulation, open-hole hammer, rotary air blast, auger, Bangka, sonic, etc) and details (eg core diameter, triple or standard tube, depth of diamond tails, face-sampling bit or other type, whether core is oriented and if so, by what method, etc).	A combination of RC and diamond drilling is undertaken. Diamond core is a combination of NQ2 and HQ. Drill core is orientated using a down hole spear and structural measurements recorded in "GeoCalculator" software program.

Criteria	Explanation	Commentary
Drill sample recovery	Method of recording and assessing core and chip sample recoveries and results assessed.	Diamond core recoveries are logged and recorded in the database. No significant core loss issues were identified. Total vacuum and RC sample weights are monitored but not individually recorded in reconnaissance drilling and as such sample recovery is not accurately measured.
	Measures taken to maximise sample recovery and ensure representative nature of the samples.	Diamond core is reconstructed into continuous intervals on angle iron racks for orientation and reconciliation against core block markers. Rod and meter counts are routinely carried out by the driller. RC samples are split using a cyclone or riffle splitter to ensure representative sampling. Composite samples are combined using a spear (tube) sampler. Vacuum samples are obtained using a tube sampler.
	Whether a relationship exists between sample recovery and grade and whether sample bias may have occurred due to preferential loss/ gain of fine/coarse material.	No bias has been observed between sample recovery and grade.
Logging	Whether core and chip samples have been geologically and geotechnically logged to a level of detail to support appropriate Mineral Resource estimation, mining studies and metallurgical studies.	Geotechnical logging was carried out on diamond core for recovery and RQD. All geological, structural and alteration related observations are stored in the database for both RC and diamond core.
	Whether logging is qualitative or quantitative in nature. Core (or costean, channel, etc) photography.	Logging of lithology, structure, alteration, mineralisation, colour and other features of core, RC chips and vacuum samples is undertaken on a routine basis. Both wet and dry photography of diamond core is undertaken on a tray by tray basis.
	The total length and percentage of the relevant intersections logged.	All drill holes are logged in full.
Sub-sampling techniques and sample preparation	If core, whether cut or sawn and whether quarter, half or all core taken.	Diamond core is cut and sampled on geological intervals. A diamond core saw was used to cut the core and selected half core intervals were submitted for analysis.
	If non-core, whether riffled, tube sampled, rotary split, etc and whether sampled wet or dry.	RC samples are cyclone split at 1m intervals and tube sampled as 5m composites. All measures are taken to maintain a dry sample although some samples are wet when significant groundwater is intersected. Vacuum samples are collected at selected geochemical zones within the hole and constitute 1.8m intervals sampled with a tube sampler. The 1.8m basement interface sample was analysed in all holes where it was intersected. Only selected samples were analysed within drill holes from geological logging.

Criteria	Explanation	Commentary
Sub-sampling techniques and sample preparation *(continued)*	For all sample types, the nature, quality and appropriateness of the sample preparation technique.	Sample preparation and base metal and precious metal analysis is undertaken by Intertek Genalysis, in Wingfield, South Australia. Sample preparation by dry pulverisation to 90% passing 75 micron.
	Quality control procedures adopted for all sub-sampling stages to maximise representivity of samples.	Field QC procedures involve the use of certified reference standards, duplicates and blanks at appropriate intervals.
	Measures taken to ensure that the sampling is representative of the in situ material collected, including for instance results for field duplicate/second-half sampling.	Sampling was carried out using MGV protocols and QAQC procedures as per industry best practice. Duplicate samples are routinely checked against originals.
	Whether sample sizes are appropriate to the grain size of the material being sampled.	Sample sizes are considered appropriate for the commodities and elements explored and analysed for.
Quality of assay data and laboratory tests	The nature, quality and appropriateness of the assaying and laboratory procedures used and whether the technique is considered partial or total.	Drill sample and soil geochemical analysis is undertaken by Intertek Genalysis, in Wingfield, South Australia, multi element analysis by four acid total digest (hydrochloric, nitric, perchloric and hydrofluoric acid) and ICP-OES and ICP-MS to acceptable detection limits and Au by FA25/MS. Analysis for a total of 37 elements is recorded.
	For geophysical tools, spectrometers, handheld XRF instruments, etc, the parameters used in determining the analysis including instrument make and model, reading times, calibrations factors applied and their derivation, etc.	No geophysical tools were used to estimate mineral or element percentages. A portable XRF, Niton XL3t 950 GOLD+ was used to assist with sample selection intervals for laboratory analysis.
	Nature of quality control procedures adopted (eg standards, blanks, duplicates, external laboratory checks) and whether acceptable levels of accuracy (ie lack of bias) and precision have been established.	In addition to MGV standards, duplicates and blanks, Genalysis incorporate laboratory QAQC including standards, blanks and repeats as a standard procedure. Certified reference materials that are relevant to the type and style of mineralisation targeted are inserted at regular intervals.
Verification of sampling and assaying	The verification of significant intersections by either independent or alternative company personnel.	At least two company representatives verify significant intersections including, either the Managing Director, Exploration Manager, Principal Geologist or Project Geologist.
	The use of twinned holes.	No twin holes have yet been drilled by MGV.
	Documentation of primary data, data entry procedures, data verification, data storage (physical and electronic) protocols.	Primary data is collected using a standard set of Excel templates on a Toughbook laptop computer using lookup codes. Geological sample logging was undertaken on one metre intervals (RC) and 1.8m intervals (vacuum) with colour, structure, alteration and lithology recorded for each interval. Data is verified before loading to a CSA Global database. Geological logging of all diamond core was undertaken.
	Discuss any adjustment to assay data.	No adjustments or calibrations were made to any assay data reported by MGV.

Criteria	Explanation	Commentary
Location of data points	Accuracy and quality of surveys used to locate drill holes (collar and down-hole surveys), trenches, mine workings and other locations used in Mineral Resource estimation.	Drill hole co-ordinates and surface geochemical sample locations are in UTM grid (GDA94 Z52) and have been measured by hand-held GPS with an accuracy of ±4 metres. Down hole surveys were undertaken for all RC and diamond drill holes utilised a single shot camera recording at intervals varying between 12 and 30m. No down hole surveys where undertaken on vacuum drill holes. All vacuum drill holes are vertical.
	Specification of the grid system used.	Drill hole co-ordinates are in UTM grid (GDA94 Z52)
	Quality and adequacy of topographic control.	Drill hole RL's are approximate using hand held GPS.
Data spacing and distribution	Data spacing for reporting of Exploration Results.	Variable drill hole spacings were used to adequately test targets (RC & diamond drilling) and to adequately cover target areas with vacuum drilling. Soil samples were collected on variable grid spacings.
	Whether the data spacing and distribution is sufficient to establish the degree of geological and grade continuity appropriate for the Mineral Resource and Ore Reserve estimation procedure(s) and classifications applied.	The mineralisation has not yet been demonstrated to have sufficient continuity to support the definition of Mineral Resource and Reserves under the classification applied under the 2012 JORC Code.
	Whether sample compositing has been applied.	In RC drill holes composite samples on 5m intervals were undertaken outside visually mineralised zones to determine background responses. No compositing of samples was undertaken on diamond or vacuum drill holes.
Orientation of data in relation to geological structure	Whether the orientation of sampling achieves unbiased sampling of possible structures and the extent to which this is known, considering the deposit type.	The precise dip and strike of the mineralisation is not yet known and it is unclear at this stage whether any sampling has a set bias.
	If the relationship between the drilling orientation and the orientation of key mineralised structures is considered to have introduced a sampling bias, this should be assessed and reported if material.	No orientation based sampling bias is known at this time.
Sample security	The measures taken to ensure sample security.	Chain of custody is managed by MGV. Samples are stored on site and transported to Intertek Genalysis in Wingfield, South Australia by a licenced reputable transport company. When at Genalysis samples are stored in a locked yard before processing and then tracked through preparation and analysis using the Lab Track system.
Audits or reviews	The results of any audits or reviews of sampling techniques and data.	No external audits or reviews of sampling techniques and data have been undertaken.

Section 2 Reporting of Exploration Results

Criteria	Explanation	Commentary
Mineral tenement and land tenure status	Type, reference name/number, location and ownership including agreements or material issues with third parties such as joint ventures, partnerships, overriding royalties, native title interests, historical sites, wilderness or national park and environmental settings.	All drilling has been within wholly owned MGV tenements EL5173 and EL5175 within the Musgrave Project area. The tenements are APY aboriginal freehold lands. All surface geochemical sampling was within Musgrave Minerals tenure.
	The security of the tenure held at the time of reporting along with any known impediments to obtaining a licence to operate in the area.	The tenements are in good standing and no known impediments exist.
Exploration done by other parties	Acknowledgment and appraisal of exploration by other parties.	No historical drilling has been undertaken by any third party that is relevant to the current targets.
Geology	Deposit type, geological setting and style of mineralisation.	Musgrave is exploring for multi commodity style deposits consistent with low MgO magmatic Ni-Cu systems.
Drill hole Information	A summary of all information material to the understanding of the exploration results including a tabulation of the following information for all Material drill holes: • easting and northing of the drill hole collar • elevation or RL (Reduced Level – elevation above sea level in metres) of the drill hole collar • dip and azimuth of the hole • down hole length and interception depth • hole length.	Refer to appendix 2 in the body of this report.
Data aggregation methods	In reporting Exploration Results, weighting averaging techniques, maximum and/or minimum grade truncations (eg cutting of high grades) and cut-off grades are usually Material and should be stated.	Refer to notes below appendix 2 in the body of this report.
	Where aggregate intercepts incorporate short lengths of high grade results and longer lengths of low grade results, the procedure used for such aggregation should be stated and some typical examples of such aggregations should be shown in detail.	Refer to notes below appendix 2 in the body of this report.
	The assumptions used for any reporting of metal equivalent values should be clearly stated.	No metal equivalent values are currently used for reporting of exploration results.

Criteria	Explanation	Commentary
Relationship between mineralisation widths and intercept lengths	These relationships are particularly important in the reporting of Exploration Results. If the geometry of the mineralisation with respect to the drill hole angle is known, its nature should be reported. If it is not known and only the down hole lengths are reported, there should be a clear statement to this effect (eg 'down hole length, true width not known').	An accurate dip and strike and the controls on mineralisation are yet to be determined and the true width of the intercepts is not yet known.
Diagrams	Appropriate maps and sections (with scales) and tabulations of intercepts should be included for any significant discovery being reported These should include, but not be limited to a plan view of drill hole collar locations and appropriate sectional views.	Refer to figures 1, 6, 7, 8, 9 and 10 and Appendix 2 in the body of this report.
Balanced reporting	Where comprehensive reporting of all Exploration Results is not practicable, representative reporting of both low and high grades and/or widths should be practiced to avoid misleading reporting of Exploration Results.	All RC and diamond drill results are reported. All vacuum drill results are shown on the gridded geochemical image in figure 7 of this report.
Other substantive exploration data	Other exploration data, if meaningful and material, should be reported including (but not limited to): geological observations; geophysical survey results; geochemical survey results; bulk samples – size and method of treatment; metallurgical test results; bulk density, groundwater, geotechnical and rock characteristics; potential deleterious or contaminating substances.	All material results from geochemical and geophysical surveys related to these prospects have previously been reported. Analysis for a total of 37 elements is undertaken including possible deleterious elements such as arsenic. Anomalous results are reported.
Further work	The nature and scale of planned further work (eg tests for lateral extensions or depth extensions or large-scale step-out drilling).	A range of exploration techniques are being considered to progress exploration including additional drilling.
	Diagrams clearly highlighting the areas of possible extensions, including the main geological interpretations and future drilling areas, provided this information is not commercially sensitive.	Refer to figures 7, 8, 9 and 10 in the body of this report.

Directors' Report

Your directors present their report on Musgrave Minerals Ltd and its subsidiary (the Group) for the financial year ended 30 June 2013.

Directors

The names of the Directors in office at any time during, or since the end of, the year are:
Graham Ascough, Non-Executive Chairman
Robert Waugh, Managing Director
Kelly Ross, Non-Executive Director
John Percival, Non-Executive Director

Directors have been in office since the start of the financial year to the date of this report.

Names, qualifications, experience and special responsibilities

Mr Graham Ascough

BSc, PGeo, MAusIMM (Non-Executive Chairman), Director since 26 May 2010

Graham Ascough is a senior resources executive with more than 24 years of industry experience evaluating mineral projects and resources in Australia and overseas. He has had broad industry involvement ranging from playing a leading role in setting the strategic direction for significant country-wide exploration programs to working directly with mining and exploration companies.

Mr Ascough is a geophysicist by training and was the Managing Director of ASX listed Mithril Resources Limited from October 2006 until June 2012. Prior to joining Mithril in 2006, Mr Ascough was the Australian Manager of Nickel and PGM Exploration at the major Canadian resources house, Falconbridge Limited (acquired by Xstrata Plc in 2006).

He is a Member of the Australian Institute of Mining and Metallurgy, and is a Professional Geoscientist of Ontario, Canada. Mr Ascough is a member of the Company's audit committee.

Other directorships:
Mithril Resources Ltd (Appointed 9 October 2006)
Aguia Resources Limited (Appointed 19 October 2010)
Phoenix Copper Limited (Appointed 10 December 2012)
AO Energy Limited (Appointed 31 July 2013)

Mr Robert Waugh

MSc, BSc, FAusIMM, MAIG (Managing Director), Director since 6 March 2011

Robert Waugh has over 24 years of experience in the resources sector including more than eight years in the Musgrave region. Mr Waugh was a critical member of the WMC Resources Limited exploration team that discovered the Nebo-Babel nickel/copper/PGM deposit at West Musgrave in 2000. He was subsequently Project Manager of the team that defined the initial resource at Nebo-Babel. Mr Waugh has held senior exploration management roles at WMC Resources (WMC), BHP Billiton Exploration Limited (BHP), Fusion Resources Limited, Cameco Australia Limited and Raisama Limited. Mr Waugh spent over 19 years with WMC and subsequently BHP, following the takeover of WMC in 2005. He has extensive exploration and mining experience in a range of commodities including nickel, copper, gold, uranium and PGMs. Mr Waugh holds a Bachelor of Science degree majoring in geology from the University of Western Australia and a Master of Science in Mineral Economics from Curtin University and the Western Australian School of Mines. Mr Waugh is a Fellow of the Australasian Institute of Mining and Metallurgy and a Member of the Australian Institute of Geoscientists. Mr Waugh is a member of the Company's audit committee.

Other directorships:
None

Mrs Kelly Ross

BBus, CPA, ACSA (Non-Executive Director), Director since 26 May 2010

Kelly Ross is a qualified accountant holding a Bachelor of Business (Accounting) and has the designation CPA from the Australian Society of Certified Practicing Accountants. Mrs Ross is a Chartered Secretary with over 25 years' experience in accounting and administration in the mining industry and was the Company Secretary of Independence Group NL for 10 years. Mrs Ross is currently a Non-Executive Director of ASX listed Independence Group NL. Mrs Ross is the chair of the Company's audit committee.

Other directorships:

Independence Group NL (Appointed 16 September 2002)

Mr John Percival

Non-Executive Director, Director since 26 May 2010

John Percival has been involved in investment and merchant banking for over 25 years including 15 years as Investment Manager of Barclays Bank New Zealand Limited. In addition he has extensive experience in stockbroking, corporate finance and investment management. Mr Percival is currently Executive Director - Operations of ASX listed Goldsearch Limited. Mr Percival is a member of the Company's audit committee.

Other directorships:
Goldsearch Limited (Appointed 11 October 1995)

Company Secretary

Mr Donald Stephens

BAcc, FCA, Company Secretary since 26 May 2010

Mr Stephens is a Chartered Accountant and corporate adviser with over 25 years experience in the accounting industry, including 14 years as a partner of HLB Mann Judd (SA), a firm of Chartered Accountants. He is a director of Mithril Resources Ltd, Papyrus Australia Ltd, Lawson Gold Ltd, AO Energy Limited and was formerly a director of TW Holdings Ltd (resigned 14 December 2012). Additionally he is Company Secretary to Minotaur Exploration Ltd, Mithril Resources Ltd, Petratherm Ltd and Toro Energy Limited. He holds other public company secretarial positions and directorships with private companies and provides corporate advisory services to a wide range of organisations.

Operating Results

The loss of the Group after providing for income tax amounted to $585,809 (2012: $276,182).

Interests in the Shares and Options of the Company and Related Bodies Corporate

As at the date of this report, the interests of the directors in the shares and options of Musgrave Minerals Ltd were:

	Number of Ordinary Shares	Number of Options over Ordinary Shares
Graham Ascough	200,000	750,000
Robert Waugh	80,000	5,000,000
John Percival	200,000	500,000
Kelly Ross	50,000	500,000

Dividends Paid or Recommended

No dividends were paid or declared since the start of the financial year. No recommendation for payment of dividends has been made.

Principal Acitivites

The principal activities of the Group during the financial year were:

- to carry out exploration of mineral tenements both on a joint venture basis and by the Group in its own right;
- 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 carried out during the year.

Risk Management

The Company takes a proactive approach to risk management. The Board is responsible for ensuring that risks, and also opportunities, are identified on a timely basis and that the Company's objectives and activities are aligned with the risks and opportunities identified by the Board.

The Company believes that it is crucial for all Board members to be a part of this process, and as such the Board has not established a separate risk management committee.

The Board has a number of mechanisms in place to ensure that management's objectives and activities are aligned with the risks identified by the Board. These include the following:

- Board approval of a strategic plan, which is designed to meet stakeholders' needs and manage business risk.
- Implementation of Board approved operating plans and budgets and Board monitoring of progress against these budgets, including the establishment and monitoring of performance indicators of both a financial and non-financial nature.

Significant Changes in the State of Affairs

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

Future Developments

Disclosure of information regarding likely developments in the operations of the Group in future financial years and the expected results of those operations is likely to result in unreasonable prejudice to the Company. Accordingly, this information has not been disclosed in this report.

Environmental Regulations

The Group is aware of its responsibility to impact as little as possible on the environment, and where there is any disturbance, to rehabilitate sites. During the year under review the work carried out was in South Australia and the entity followed procedures and pursued objectives in line with guidelines published by the South Australian Government. These guidelines encompass not only the impact on the land and vegetation but cover such subjects as pollution, approvals from relevant parties including land owners and land users, heritage, health and safety and proper restoration practices. The Group supports this approach and is confident that it properly monitors and adheres to these objectives, and any local conditions applicable, both in South Australia and elsewhere.

The Group is committed to minimising environmental impacts during all phases of exploration, development and production through a best practice environmental approach. The Group shares responsibility for protecting the environment for the present and the future. It believes that carefully managed exploration programs should have little or no long-lasting impact on the environment and the Group has formed a best practice policy for the management of its exploration programs. The Group properly monitors and adheres to this approach and there were no environmental incidents to report for the year under review. Furthermore, the Group is in compliance with the state and/or commonwealth environmental laws for the jurisdictions in which it operates.

Occupational Health, Safety and Welfare

In running its business, Musgrave Minerals Ltd aims to protect the health, safety and welfare of employees, contractors and guests. In the reporting year the Company experienced one medical aid incident and no lost time injuries. The Company reviews its Health and Safety policy at regular intervals to ensure a high standard of Health and Safety.

Subsequent Events

There were no significant events that occurred after balance date.

Unissued Shares

At the date of this report, the following options to acquire ordinary shares in the Company were on issue:

Issue Date	Expiry Date	Exercise Price	Balance at 1 July 2012	Net Issued/ (Exercised or expired)	Balance at 30 June 2013
21/08/2010	20/08/2015	$0.25	7,750,000	-	7,750,000
17/02/2011	17/02/2016	$0.36	4,750,000	-	4,750,000
17/02/2011	17/02/2016	$0.50	2,500,000	-	2,500,000
09/05/2011	08/05/2016	$0.36	500,000	-	500,000
24/01/2012	23/01/2017	$0.25	525,000	(150,000)	375,000
06/03/2013	05/03/2018	$0.25	-	500,000	500,000
25/03/2013	24/03/2018	$0.25	-	75,000	75,000
			16,025,000	**425,000**	**16,450,000**

Share Options

Shares issued as a result of exercise of options

No shares were issued during the year as a result of the exercise of options.

New options issued

During the financial year a total of 575,000 unlisted options were issued to employees as an incentive. The options are exercisable at $0.25 and expire 24 March 2018 (75,000) and 5 March 2018 (500,000). Refer to note 13 to the financial statements for further information.

Indemnification and Insurance of Directors and Officers

To the extent permitted by law, the Group has indemnified (fully insured) each Director and the Company Secretary of the Group for a premium of $13,236. The liabilities insured include costs and expenses that may be incurred in defending civil or criminal proceedings (that may be brought) against the officers in their capacity as officers of the Group or a related body, and any other payments arising from liabilities incurred by the officers in connection with such proceedings, other than where such liabilities arise out of conduct involving a wilful breach of duty by the officers or the improper use by the officers of their position or of information to gain advantage for themselves or someone else or to cause detriment to the Group.

Remuneration Report - Audited

This report outlines the remuneration arrangements in place for Directors and Executives of Musgrave Minerals Ltd.

Remuneration philosophy

The Board is responsible for determining remuneration policies applicable to Directors and senior executives of the Group. The broad policy is to ensure that remuneration properly reflects the individuals' duties and responsibilities and that remuneration is competitive in attracting, retaining and motivating people with appropriate skills and experience. At the time of determining remuneration consideration is given by the Board to the Group's financial performance.

Employment contracts

The employment conditions of the Managing Director, Mr Robert Waugh, are formalised in an employment contract. Under this contract, the Company agrees to employ Mr Waugh as Managing Director of the Company for a period of three years commencing on 7 March 2011 with his current gross annual salary, inclusive of 9% superannuation guarantee,

being $290,000. Either party may terminate the employment contract without cause by providing six (6) months written notice or by making payment in lieu of notice (in the case of the Company), based on the annual salary component. Termination payments are generally not payable on resignation or dismissal for serious misconduct. In the instance of serious misconduct the Company can terminate employment at any time.

The employment conditions of the Exploration Manager, Mr Ian Warland, are formalised in a contract of employment. Mr Warland commenced employment on 6 March 2013 and his current gross annual salary, inclusive of superannuation guarantee, is $218,000. Either party may terminate the employment contract without cause by providing one (1) month's written notice or making payment in lieu of notice (in the case of the Company) or forfeiture of one month's salary (in the case of Mr Warland), based on the annual salary component. Termination payments are generally not payable on resignation or dismissal for serious misconduct. In the instance of serious misconduct the Company can terminate employment at any time.

The employment conditions of the Principal Geologist, Dr Justin Gum, are formalised in a contract of employment. Dr Gum commenced employment on 1 October 2010 and his current gross annual salary, inclusive of superannuation guarantee, is $171,675. Either party may terminate the employment contract without cause by providing one (1) month's written notice or making payment in lieu of notice (in the case of the Company) or forfeiture of one month's salary (in the case of Dr Gum), based on the annual salary component. Termination payments are generally not payable on resignation or dismissal for serious misconduct. In the instance of serious misconduct the Company can terminate employment at any time.

Table 1: Director remuneration for the year ended 30 June 2013 and 30 June 2012

	Short-term employee benefits	Post employment benefits	Share based payments	Total
	Salary & Fees $	Superannuation $	Options	$
Graham Ascough **				
2013	65,000	-	-	65,000
2012	65,100	-	-	65,100
Robert Waugh **				
2013	266,055	23,945	-	290,000
2012	266,055	23,945	-	290,000
Kelly Ross **				
2013	45,000	4,050	-	49,050
2012	45,000	4,050	-	49,050
John Percival **				
2013	46,012	3,038	-	49,050
2012	45,000	4,050	-	49,050
Total				
2013	422,067	31,033	-	453,100
2012	421,155	32,045	-	453,200

Table 2: Remuneration of key management personnel for the year ended 30 June 2013 and 30 June 2012

	Short-term employee benefits	Post employment benefits	Share based payments	Total
	Salary & Fees $	Superannuation $	Options $	$
Justin Gum				
2013	156,875	14,119	-	170,994
2012	139,000	24,500	-	163,500
Ian Warland				
2013	51,571	4,641	21,550	77,762
2012	-	-	-	-
Donald Stephens * & **				
2013	-	-	-	-
2012	-	-	-	-
Total				
2013	208,446	18,760	21,550	248,756
2012	139,000	24,500	-	163,500

* HLB Mann Judd (SA) Pty Ltd has received professional fees for accounting, taxation and secretarial services provided during the year amounting to $150,541 including GST (2012: $131,671). Donald Stephens, the Company Secretary, is a consultant with HLB Mann Judd (SA) Pty Ltd.

** Graham Ascough and Donald Stephens are Non-Executive Directors of Mithril Resources Ltd which is the beneficial holder of 7.67% of the issued capital of Musgrave Minerals Ltd. John Percival is an Executive Director of Goldsearch Ltd which is the beneficial holder of 7.17% of the issued capital of Musgrave Minerals Ltd. Kelly Ross is a Non-Executive Director of Independence Group NL which is the beneficial holder of 7.46% of the issued capital of Musgrave Minerals Ltd.

Use of Remuneration Consultants

During the financial year, there were no remuneration recommendations made in relation to key management personnel for the Company by any remuneration consultants.

Voting and Comments Made at the Company's 201 Annual General Meeting

Musgrave Minerals Ltd received more than 98% of "yes" votes on its remuneration report for the 2012 financial year by proxy. The Company did not receive any specific feedback at the AGM on its remuneration report.

Directors' Meetings

The number of meetings of Directors (including meetings of committees of Directors) held during the year and the number of meetings attended by each Director were as follows:

	Directors' Meetings		Audit Committee	
Director	**Eligible**	**Attended**	**Eligible**	**Attended**
Graham Ascough	7	7	2	2
Robert Waugh	7	7	2	2
John Percival	7	7	2	2
Kelly Ross	7	7	2	2

Members acting on the audit committee are:
Kelly Ross (Chairperson)
Graham Ascough
Robert Waugh
John Percival

Proceedings on Behalf of the Company

No person has applied for leave of Court to bring proceedings on behalf of the Company or intervene in any proceedings to which the Company is a party for the purpose of taking responsibility on behalf of the Company for all or any part of those proceedings.

Auditor Independence and Non-Audit Services

Grant Thornton Audit Pty Ltd, in its capacity as auditor for Musgrave Minerals Ltd, has not provided any non-audit services throughout the reporting period. The auditor's independence declaration for the year ended 30 June 2013 as required under section 307C of the Corporations Act 2001 has been received and can be found on page 12.

Signed in accordance with a resolution of the Directors.

Mr Graham Ascough
Chairman

25 September 2013

Corporate Governance Statement

Introduction

The Board of Directors has adopted a corporate framework for the Company which is underpinned by the ASX Corporate Governance Council's Corporate Governance Principles and Recommendations with 2010 Amendments (2nd Edition) (Recommendations) applicable to ASX-listed entities.

This Section addresses each of the Corporate Governance Principles and, where the Company has not followed a Recommendation, this is identified with the reasons for not following the Recommendation. Those charters and policies that form the basis of the corporate governance practices of the Company are located on the Company's website.

Principle 1: Lay solid foundations for management and oversight

Recommendation 1.1 - Functions reserved to the Board and delegated to senior executives

The Board is accountable to Shareholders for the performance of the Company and has overall responsibility for its operations. Day to day management of the Company's affairs, and the implementation of the corporate strategy and policy initiatives, is formerly delegated by the Board to the Managing Director.

The Company has established functions reserved to the Board and functions delegated to senior executives.

The functions reserved to the Board include:

- Approving the strategic direction and related objectives of the Company and monitoring management performance in the achievement of these objectives;
- Adopting budgets and monitoring the financial performance of the Company.
- Reviewing annually the performance of the Managing Director and senior executives, including the Company Secretary, against the objectives and performance indicators established by the Board.
- Overseeing the establishment and maintenance of adequate internal controls and effective monitoring systems.
- Overseeing the implementation and management of effective safety and environmental performance systems.
- Ensuring all major business risks are identified and effectively managed.
- Ensuring that the Group meets its legal and statutory obligations.
- Overseeing of the Company, including its control and accountability systems.

The functions delegated to senior executives include:

- Implementing the Company's vision, values and business plan.
- Managing the business to agreed capital and operating expenditure budgets.
- Identifying and exploring opportunities to build and sustain the business.
- Allocating resources to achieve the desired business outcomes.
- Sharing knowledge and experience to enhance success.
- Facilitating and monitoring the potential and career development of the Company's people resources.
- Identifying and mitigating areas of risk within the business.
- Managing effectively the internal and external stakeholder relationships and engagement strategies.
- Determining the senior executives' position on strategic and operational issues.

For the purposes of the proper performance of their duties, the Directors are entitled to seek independent professional advice at the Company's expense, unless the Board determines otherwise. The Board schedules meetings on a regular basis and other meetings as and when required.

The Company has not formally established the functions reserved to the Board and those delegated to senior executives in accordance with recommendations 1.1 and 1.3 of the ASX Corporate Governance Council. Given the size of the Company, the Board has not considered it necessary to formulate a Board charter.

Recommendation 1.2 - Performance evaluation of senior executives

The Managing Director and senior management participate in annual performance reviews. The performance of staff is measured against the objectives and performance indicators established by the Board. A performance evaluation for senior executives will take place in the upcoming reporting period in accordance with the Company's documented process. The performance of senior executives is reviewed by comparing performance against agreed measures, examining the effectiveness and results of their contribution and identifying areas for potential improvement. In accordance with recommendations 1.2 and 1.3 of the ASX Corporate Governance Council the Company has not disclosed a description of the performance evaluation process in addition to the disclosure above.

Principle 2 - Structure the Board to add value

At the date of this statement the Board consists of the following directors

Mr Graham Ascough, Non-Executive Chair
Mr Robert Waugh, Managing Director
Mrs Kelly Ross, Non-Executive Director
Mr John Percival, Non-Executive Director

The Board considers this to be an appropriate composition given the size and development of the Group at the present time. The names of directors including details of their qualification and experience are set out in the Directors' Report of this Financial Report.

Independence

The Board is conscious of the need for independence and ensures that where a conflict of interest may arise, the relevant Director(s) leave the meeting to ensure a full and frank discussion of the matter(s) under consideration by the rest of the Board. Those Directors who have interests in specific transactions or potential transactions do not receive Board papers related to those transactions or potential transactions, do not participate in any part of a Directors' meeting which considers those transactions or potential transactions, are not involved in the decision making process in respect of those transactions or potential transactions, and are asked not to discuss those transactions or potential transactions with other Directors.

Recommendation 2.1 - A majority of the Board should be independent Directors

The Board is conscious of the need for independence and ensures that where a conflict of interest may arise, the relevant Director(s) leave the meeting to ensure a full and frank discussion of the matter(s) under consideration by the rest of the Board. Those Directors who have interests in specific transactions or potential transactions do not receive Board papers related to those transactions or potential transactions, do not participate in any part of a Directors' meeting which considers those transactions or potential transactions, are not involved in the decision making process in respect of those transactions or potential transactions, and are asked not to discuss those transactions or potential transactions with other Directors. Each Director is required by the Company to declare on an annual basis the details of any financial or other relevant interests that they may have in the Company.

The Board has determined that its three non-executive Directors are not independent as defined under Recommendation 2.1. The Company is therefore at variance with Recommendation 2.1 in that a majority of Directors are not independent.

The Board considers its current structure to be an appropriate composition of the required skills and experience, given the experience of the individual Directors and the size and development of the Company at the present time. Each individual member of the Board is satisfied that whilst the Company may not comply with Recommendation 2.1, all Directors bring an independent judgment to bear on Board decisions.

Recommendation 2.2 - The chair should be an independent Director

The Company's Chairman, Mr Graham Ascough, is not an independent Director as defined under Recommendation 2.1.

Recommendation 2.3 - The roles of chair and Managing Director should be separated

The roles of the Chairman and the Managing Director are not being exercised by the same individual. The Company has therefore complied with Recommendation 2.3.

Recommendation 2.4 - Nomination Committee

The Board has not established a Nomination and Remuneration Committee in accordance with recommendation 2.4 of the Corporate Governance Council. The Board takes ultimate responsibility for these matters and continues to monitor the composition of the Board and the roles and responsibilities of its members. Accordingly, the Company does not have a Nomination and Remuneration Committee Charter in accordance with recommendations 2.4 and 2.6 of the ASX Corporate Governance Council.

Recommendation 2.5 - Process for evaluating the performance of the Board

The Board continues to review performance against appropriate measures and identify ways to improve performance. The Board has not formally disclosed the review process in accordance with recommendations 2.5 and 2.6 of the ASX Corporate Governance Council. The Board takes ultimate responsibility for these matters and does not consider the disclosure of the performance evaluation necessary at this stage.

Recommendation 2.6 - Additional information concerning the Board and Directors

The Company has included the disclosures required by Recommendation 2.6 in this annual report. There are procedures in place, agreed by the Board, to enable Directors, in furtherance of their duties, to seek independent professional advice at the Company's expense. A performance evaluation for the board, its committees and directors has not taken place during the reporting period.

Principle 3 - Promote ethical and responsible decision making

Securities Trading Policy

The Company has established a policy concerning trading in the Company's shares by the Company's officers, employees and contractors and consultants to the Company while engaged in work for the Company (Representatives). This policy provides that it is the responsibility of each Representative to ensure they do not breach the insider trading prohibition in the Corporations Act. Breaches of the insider trading prohibition will result in disciplinary action being taken by the Company.

Representatives must also obtain written consent from the Chairman (or, in the case of the Chairman, from the Board) prior to trading in the Company's securities.

Subject to these restrictions, the policy provides that Directors, the Company Secretary and employees of, or contractors to, the Company that have access to the Company's financial information or drilling results are permitted to trade in the Company's securities throughout the year except during the following periods:

1. the period between the end of the March, June, September and December quarters and the release of the Company's quarterly report to ASX for so long as the Company is required by the Listing Rules to lodge quarterly reports; and
2. 24 hours after the following events:
   (a) Any major announcements;
   (b) The release of the Company's quarterly, half yearly and annual financial results to the ASX; and
   (c) The Annual General Meeting and all other General Meetings.

In exceptional circumstances the Board may waive the requirements of the Share Trading Policy to allow Representatives to trade in the shares of the Company, provided to do so would not be illegal.

Directors must advise the Company Secretary of changes to their shareholdings in the Company within two (2) business days of the change.

Recommendation 3.1 - Code of Conduct

The Board recognises the need for Directors and employees to observe the highest standards of behaviour and business ethics when engaging in corporate activity. The Company maintains a reputation for integrity and is highly committed to demonstrating appropriate corporate practices and decision making. The Company's officers and employees are required to act in accordance with the law and with the highest ethical standards. The Board has adopted and disclosed a formal code of conduct and ethics applying to the Board and all employees in accordance with recommendations 3.1 and 3.5 of the Corporate Governance Council.

Recommendation 3.2 and Recommendation 3.3 - Diversity Policy

The ASX Corporate Governance Council has released amendments dated 30 June 2010 to the 2nd edition Corporate Governance Principles and Recommendations in relation to diversity.

For the purpose of the amendments diversity includes, but is not limited to, gender, age, ethnicity and cultural background.

The Company continues to strive towards achieving objectives established towards increasing gender diversity.

The Company will assess all staff and Board appointments on their merits with consideration to diversity a driver in decision making. The Company has not yet developed or disclosed a formal diversity policy and therefore has not complied with the recommendations 3.2 and 3.3 of the Corporate Governance Council.

Recommendation 3.4 and 3.5 - Reporting in Annual Report

At the date of this Annual Report, the Company employs 8 staff members (excluding the Non-Executive Directors and the Managing Director), of which 2 are female. The Board of Directors consists of 3 male directors and 1 female director. The Company has disclosed the information suggested in Recommendation 3.5 in this Annual Report.

Principle 4 - Safeguard integrity in financial reporting

The Company has structured financial management to independently verify and safeguard the integrity of its financial reporting. The structure established by the Company includes:

- Review and consideration of the financial statements by the Audit Committee.
- A process to ensure the independence and competence of the Company's external auditors.

Recommendation 4.1 - Audit Committee

The Company has established an Audit Committee.

Recommendation 4.2 - Structure of the Audit Committee

The Company's Audit Committee does not comply with all of the requirements of Recommendation 4.2. The details are as follows:

- the Audit Committee does not consist only of non-executive Directors; there are three non-executive Directors and one executive Director;
- the Audit Committee does not consist of a majority of independent Directors; and
- the Audit Committee is chaired by Mrs Kelly Ross, who is not an independent Director.

Although none of the members of the Audit Committee are independent, the Board has nevertheless determined that the composition of the Audit Committee represents the only practical mix of Directors that have an appropriate range of qualifications and expertise and that can understand and competently deal with current and emerging relevant business issues.

Recommendation 4.3 - Audit Committee Charter

The Audit Committee's primary responsibilities are to:

- oversee the existence and maintenance of internal controls and accounting systems;
- oversee the management of risk within the Company;
- oversee the financial reporting process;

- review the annual and half-year financial reports and recommend them for approval by the Board;
- nominate external auditors;
- review the performance of the external auditors and existing audit arrangements; and
- ensure compliance with laws, regulations and other statutory or professional requirements, and the Company's governance policies.

The Company has adopted an Audit Committee Charter which sets out its role, responsibilities and membership requirements and reflects the matters set out in the commentary and guidance for Recommendation 4.3.

Recommendation 4.4 - Additional Information concerning the Audit Committee

The disclosures required by Recommendation 4.4 are contained within this annual report.

In accordance with the guide to reporting on Principle 4, the Company's Audit Committee Charter is available on the Company's website. The Board is responsible for the selection and appointment of the external auditor and the Company's auditor Grant Thornton has complied with the Corporations Act provisions requiring audit and review partner rotation every 5 years.

Principle 5 - Make timely and balanced disclosure

The Company has a policy that all shareholders and investors have equal access to the Company's information. The Board ensures that all price sensitive information is disclosed to ASX in accordance with the continuous disclosure requirements of the Corporations Act and Listing Rules. The Company Secretary has primary responsibility for all communications with ASX and is accountable to the Board through the Chair.

Recommendation 5.1 - ASX Listing Rule Disclosure Requirements

The Company has established a Continuous Disclosure Policy which sets out the key obligations of Directors and employees in relation to continuous disclosure as well as the Company's obligations under the Listing Rules and Corporations Act. The policy also provides procedures for internal notification and external disclosures, as well as procedures for promoting understanding of compliance with disclosure requirements.

The policy reflects the matters set out in the commentary and guidance for Recommendation 5.1.

Recommendation 5.2 - Continuous Disclosure Policy

The disclosures required by Recommendation 5.2 are included in this annual report.

A copy of the Company's Continuous Disclosure Policy is available on the Company's website.

Principle 6 - Respect the rights of shareholders

The Board strives to ensure that Shareholders are provided with sufficient information to assess the performance of the Company and its Directors and to make well-informed investment decisions.

Recommendation 6.1 - Shareholder Communications Policy

Information is communicated to Shareholders through:

- annual, half-yearly and quarterly financial and activity reports;
- annual and other general meetings convened for Shareholder review and approval of Board proposals;
- continuous disclosure of material changes to ASX; and
- the Company's website where all ASX announcements, notices and financial reports are published as soon as possible after release to ASX.

The auditor is required to attend the annual general meeting of Shareholders. The Chairman will permit Shareholders to ask questions about the conduct of the audit and the preparation and content of the audit report.

The Company has adopted a Shareholder Communications Policy for:

- promoting effective communication with shareholders; and
- encouraging shareholder participation at annual and other general meetings.

Recommendation 6.2 - Availability of Shareholder Communications Policy

The disclosures required by Recommendation 6.2 have been included in this annual report.

A copy of the Company's Shareholder Communications Policy is available on the Company's website.

Principle 7 - Recognise and manage risk

The Board has identified the significant areas of potential business and legal risk of the Company. In addition the Board has developed the culture, processes and structures of the Company to encourage a framework of risk management which identifies, monitors and manages the material risks facing the organisation.

Recommendation 7.1 - Risk Management Policies

The identification, monitoring and, where appropriate, the reduction of significant risk to the Company is the responsibility of the Managing Director and the Board. The Board has also established the Audit Committee which addresses the risks of the Company.

The Board reviews and monitors the parameters under which such risks will be managed. Management accounts are prepared and reviewed with the Managing Director at subsequent Board meetings. Budgets are prepared and compared against actual results.

Management and the Board monitor the Company's material business risks and reports are considered at regular meetings. The Company has publicly disclosed a risk management policy for the oversight and management of material business risks in accordance with recommendations 7.1 and 7.4 of the Corporate Governance Council.

Recommendation 7.2 - Risk Management and Internal Control System

The Company has developed a risk management framework which is supported by the Board of Directors and management.

The policy provides a framework for identifying, assessing, monitoring and managing risks of the Company.

The Board requires management to report on the policy as to whether those risks are being managed effectively.

Recommendation 7.3 - Statement from the Managing Director and Company Secretary

The Managing Director and the Company Secretary have stated in writing to the Board that the Company's financial reports present a true and fair view, in all material respects, of the Company's financial condition and operational results are in accordance with relevant accounting standards. Included in this statement is a confirmation that the Company's risk management and internal controls are operating efficiently and effectively.

Recommendation 7.4 - Additional Information concerning Risk Management

The Company has included the disclosures required by Recommendation 7.4 in this annual report.

The Company has publicly disclosed a risk management policy outlining the oversight and management of material business risks in accordance with recommendation 7.1 and 7.4 of the Corporate Governance Council.

Principle 8 - Remunerate fairly and responsibly

Recommendation 8.1 - Remuneration Committee

The Board has not established a Remuneration Committee or disclosed a Committee Charter on the Company's website and

therefore has not complied with recommendations 8.1 and 8.3 of the Corporate Governance Council. The Board takes ultimate responsibility for these matters and does not consider a Remuneration Committee to be appropriate at this stage.

Recommendation 8.2 - Structure of Remuneration Committee

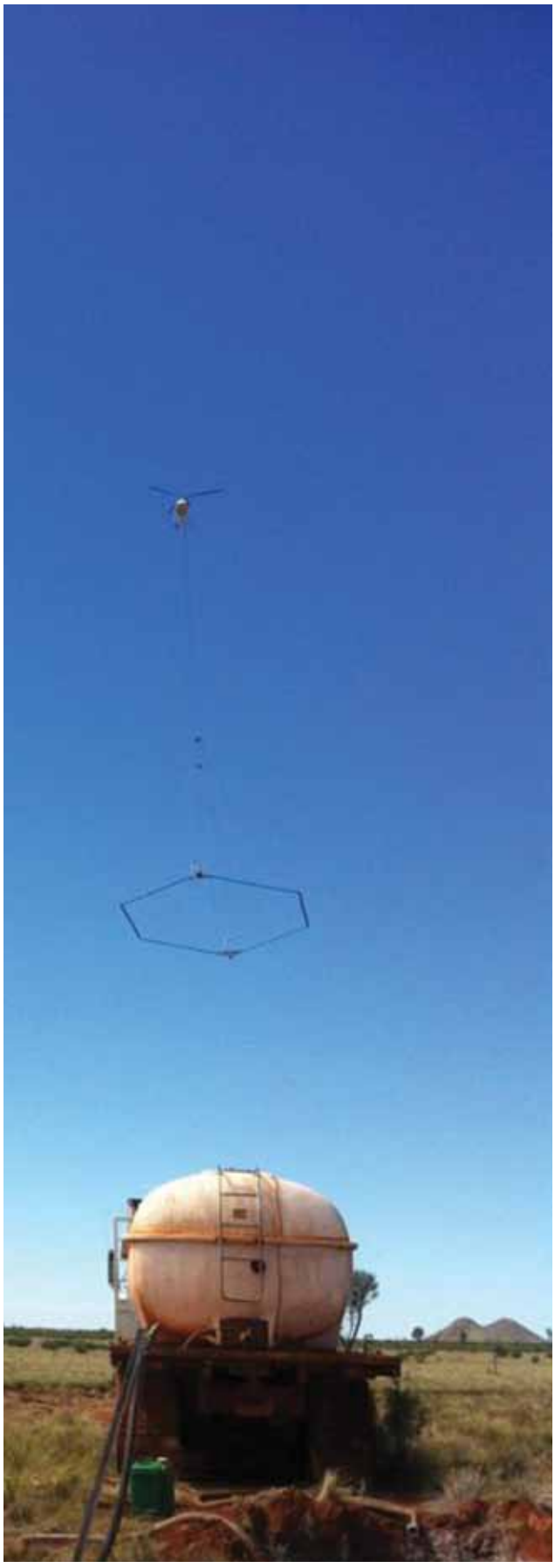
The Board has not established a Remuneration Committee or disclosed a Committee Charter on the Company's website and therefore has not complied with recommendations 8.2 and 8.3 of the Corporate Governance Council. The Board takes ultimate responsibility for these matters and does not consider a Remuneration Committee to be appropriate at this stage.

Recommendation 8.3 - Remuneration of Executive Directors, Executives and Non-Executive Directors

The Chairman and the non-executive Directors are entitled to draw Director's fees and receive reimbursement of reasonable expenses for attendance at meetings. The Company is required to disclose in its annual report details of remuneration to Directors. The maximum aggregate annual remuneration which may be paid to non-executive Directors is $250,000 per annum. This amount cannot be increased without the approval of the Company's Shareholders.

Recommendation 8.4 - Additional Information concerning Remuneration

The Company has included the disclosures required by Recommendation 8.4 in this annual report.



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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 audit of Musgrave Minerals Limited for the year ended 30 June 2013, 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 audit; and

b no contraventions of any applicable code of professional conduct in relation to the audit.

Grant Thornton

GRANT THORNTON AUDIT PTY LTD
Chartered Accountants

J L Humphrey
Director – Audit & Assurance

Adelaide, 25 September 2013

Our Ref: Musgrave Minerals Limited_Jun 13.Docx

Consolidated Statement of Profit or Loss and Other Comprehensive Income

For the Year Ended 30 June 2013

		Consolidated Group	
	Note	Year ended 30 June 2013 $	Year ended 30 June 2012 $
Other income	5 (a)	581,613	926,309
Impairment of exploration and evaluation assets		(354,939)	-
Employee benefits expense	5 (d)	(464,272)	(509,790)
Depreciation expense	5 (b)	(89,049)	(111,405)
Finance expenses	5 (c)	(8,271)	(11,134)
Other expenses	5 (e)	(543,517)	(565,632)
Loss before income tax expense		**(878,435)**	**(271,652)**
Income tax benefit/(expense)	6	292,626	(4,530)
Loss from continuing operations		**(585,809)**	**(276,182)**
Loss attributable to members of the parent entity		**(585,809)**	**(276,182)**
Other comprehensive income		-	-
Total comprehensive income for the year		**(585,809)**	**(276,182)**
Earnings per share:		**Cents**	**Cents**
Basic earnings per share	7	(0.48)	(0.23)
Diluted earnings per share	7	(0.48)	(0.23)

This statement should be read in conjunction with the notes to the financial statements

Consolidated Statement of Financial Position

As at 30 June 2013

		Consolidated Group	
	Note	30 June 2013 $	30 June 2012 $
Current Assets			
Cash and cash equivalents	8	9,565,706	13,570,860
Trade and other receivables	9	123,681	133,257
Other current assets	10	54,160	182,029
Total Current Assets		**9,743,547**	**13,886,146**
Non-Current Assets			
Property, plant and equipment	11	176,439	224,276
Exploration and evaluation assets	12	17,055,933	13,538,949
Total Non-Current Assets		**17,232,372**	**13,763,225**
Total Assets		**26,975,919**	**27,649,371**
Current Liabilities			
Trade and other payables	14	251,061	313,432
Short-term borrowings	15	47,293	64,587
Short-term provisions	16	90,517	87,060
Total Current Liabilities		**388,871**	**465,079**
Non-Current Liabilities			
Long-term borrowings	15	6,174	50,854
Long-term provisions	16	13,619	4,182
Total Non-Current Liabilities		**19,793**	**55,036**
Total Liabilities		**408,664**	**520,115**
Net Assets		**26,567,255**	**27,129,256**
Equity			
Issued capital	17	26,718,899	26,718,899
Reserves	18	2,958,083	2,944,985
Retained earnings	19	(3,109,727)	(2,534,628)
Total Equity		**26,567,255**	**27,129,256**

This statement should be read in conjunction with the notes to the financial statements

Consolidated Statement of Changes in Equity

For the Year Ended 30 June 2013

		Consolidated Group			
	Note	Issued Capital Ordinary $	Share Option Reserve $	Accumulated Losses $	Total Equity $
Balance at 1 July 2011		**26,729,469**	**2,907,500**	**(2,258,446)**	**27,378,523**
Total comprehensive loss for the year		-	-	(276,182)	(276,182)
Share based payments		-	37,485	-	37,485
Transaction costs (net of tax)		(10,570)	-	-	(10,570)
Balance at 30 June 2012		**26,718,899**	**2,944,985**	**(2,534,628)**	**27,129,256**
Balance at 1 July 2012		**26,718,899**	**2,944,985**	**(2,534,628)**	**27,129,256**
Total comprehensive loss for the year		-	-	(585,809)	(585,809)
Share based payments		-	23,808	-	23,808
Transfer from share option reserve due to lapse of options under employee share option plan	18	-	(10,710)	10,710	-
Balance at 30 June 2013		**26,718,899**	**2,958,083**	**(3,109,727)**	**26,567,255**

This statement should be read in conjunction with the notes to the financial statements

Consolidated Statement of Cash Flows

For the Year Ended 30 June 2013

		Consolidated Group	
	Note	**Year ended 30 June 2013 $**	**Year ended 30 June 2012 $**
Cash Flows from Operating Activities			
Payments to suppliers and employees		(1,073,892)	(1,069,074)
Interest received		689,810	877,147
Finance costs		(7,991)	(10,564)
Receipt of R&D Tax Concession		292,626	-
Net Cash Used in Operating Activities	**8**	**(99,447)**	**(202,491)**
Cash Flows From Investing Activities			
Payments for property, plant and equipment		(39,112)	(152,240)
Payments for exploration activities		(3,800,309)	(3,860,767)
Net Cash Used in Investing Activities		**(3,839,421)**	**(4,013,007)**
Cash Flows from Financing Activities			
Payment of transaction costs for issue of shares		-	(14,012)
Proceeds from borrowings		-	65,658
Repayment of borrowings		(66,286)	(47,275)
Net Cash Provided by/(Used in) Financing Activities		**(66,286)**	**4,371**
Net increase/(decrease) in cash and cash equivalents		(4,005,154)	(4,211,127)
Cash at the beginning of the year		13,570,860	17,781,987
Cash at the end of the Year	**8**	**9,565,706**	**13,570,860**

This statement should be read in conjunction with the notes to the financial statements

Notes to the Financial Statements

For the Year Ended 30 June 2013

1. Nature of operations

Musgrave Minerals Ltd 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.

2. General information and statement of compliance

The general purpose financial statements of the Group have been prepared in accordance with the requirements of the Corporations Act 2001, Australian Accounting Standards and other authoritative pronouncements of the Australian Accounting Standards Board. Compliance with Australian Accounting Standards results in full compliance with the International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB). Musgrave Minerals Ltd is a for-profit entity for the purpose of preparing the financial statements.

Musgrave Minerals Ltd is a public company incorporated and domiciled in Australia and listed on the ASX (ASX Code: MGV).

The financial statements for the year ended 30 June 2013 (including comparatives) were approved and authorised for issue by the Board of Directors on 25 September 2013.

3. Summary of accounting policies

a. Overall considerations

The significant accounting policies that have been used in the preparation of these financial statements are summarised below.

The financial statements have been prepared using the measurement bases specified by Australian Accounting Standards for each type of asset, liability, income and expense. The measurement bases are more fully described in the accounting policies below.

b. Principle of Consolidation

The consolidated financial statements incorporate the assets, liabilities and results of entities controlled by Musgrave Minerals Ltd at the end of the reporting period. A controlled entity is any entity over which Musgrave Minerals Ltd has the ability and right to govern the financial and operating policies so as to obtain benefits from the entity's activities.

Where controlled entities have entered or left the Group during the year, the financial performance of those entities is included only for the period of the year that they were controlled. A list of controlled entities is contained in note 24 to the financial statements.

In preparing the consolidated financial statements, all inter-group balances and transactions between entities in the consolidated Group have been eliminated in full on consolidation.

Non-controlling interests, being the equity in a subsidiary not attributable, directly or indirectly, to a parent, are reported separately within the equity section of the consolidated statement of financial position and statement of profit or loss and comprehensive income. The non-controlling interests in the net assets comprise their interests at the date of the original business combination and their share of changes in equity since that date.

c. Business combinations

Business combinations occur where an acquirer obtains control over one or more businesses.

A business combination is accounted for by applying the acquisition method, unless it is a combination involving entities or businesses under common control. The business combination will be accounted for from the date that control

is attained, whereby the fair value of the identifiable assets acquired and liabilities (including contingent liabilities) assumed is recognised (subject to certain limited exemptions).

When measuring the consideration transferred in the business combination, any asset or liability resulting from a contingent consideration arrangement is also included. Subsequent to initial recognition, contingent consideration classified as equity is not remeasured and its subsequent settlement is accounted for within equity. Contingent consideration classified as an asset or liability is remeasured in each reporting period to fair value, recognising any change to fair value in profit or loss, unless the change in value can be identified as existing at acquisition date.

All transaction costs incurred in relation to business combinations are recognised as expenses in profit or loss when incurred.

The acquisition of a business may result in the recognition of goodwill or a gain from a bargain purchase.

d. Income Tax

The income tax expense (revenue) for the year comprises current income tax expense (income) and deferred tax expense (income).

Current income tax expense charged to profit or loss is the tax payable on taxable income. Current tax liabilities (assets) are measured at the amounts expected to be paid to (recovered from) the relevant taxation authority.

Deferred income tax expense reflects movements in deferred tax asset and deferred tax liability balances during the year as well as unused tax losses.

Current and deferred income tax expense (income) is charged or credited outside profit or loss when the tax relates to items that are recognised outside profit or loss.

Except for business combinations, no deferred income tax is recognised from the initial recognition of an asset or liability, where there is no effect on accounting or taxable profit or loss.

Deferred tax assets and liabilities are calculated at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled and their measurement also reflects the manner in which management expects to recover or settle the carrying amount of the related asset or liability.

Deferred tax assets relating to temporary differences and unused tax losses are recognised only to the extent that it is probable that future taxable profit will be available against which the benefits of the deferred tax asset can be utilised.

Where temporary differences exist in relation to investments in subsidiaries, branches, associates, and joint ventures, deferred tax assets and liabilities are not recognised where the timing of the reversal of the temporary difference can be controlled and it is not probable that the reversal will occur in the foreseeable future.

Current tax assets and liabilities are offset where a legally enforceable right of set-off exists and it is intended that net settlement or simultaneous realisation and settlement of the respective asset and liability will occur. Deferred tax assets and liabilities are offset where:

(a) a legally enforceable right of set-off exists; and

(b) the deferred tax assets and liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities where it is intended that net settlement or simultaneous realisation and settlement of the respective asset and liability will occur in future periods in which significant amounts of deferred tax assets or liabilities are expected to be recovered or settled.

e. Property, Plant and Equipment

Each class of property, plant and equipment is carried at cost or fair value as indicated less, where applicable, any accumulated depreciation and impairment losses.

Plant and equipment

Plant and equipment are measured on the cost basis and therefore carried at cost less accumulated depreciation and any accumulated impairment. In the event the carrying amount of plant and equipment is greater than the estimated recoverable amount, the carrying amount is written down immediately to

the estimated recoverable amount and impairment losses are recognised either in profit or loss or as a revaluation decrease if the impairment losses relate to a revalued asset. A formal assessment of recoverable amount is made when impairment indicators are present.

The carrying amount of plant and equipment is reviewed annually by directors to ensure it is not in excess of the recoverable amount from these assets. The recoverable amount is assessed on the basis of the expected net cash flows that will be received from the asset's employment and subsequent disposal. The expected net cash flows have been discounted to their present values in determining recoverable amounts.

The cost of fixed assets constructed within the consolidated group includes the cost of materials, direct labour, borrowing costs and an appropriate proportion of fixed and variable overheads.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. All other repairs and maintenance are charged to the statement of profit or loss and other comprehensive income during the financial period in which they are incurred.

Depreciation

The depreciable amount of all fixed assets including buildings and capitalised lease assets, but excluding freehold land, is depreciated on a straight-line or diminishing value basis over the asset's useful life to the Group commencing from the time the asset is held ready for use. Leasehold improvements are depreciated over the shorter of either the unexpired period of the lease or the estimated useful lives of the improvements.

The useful life for each class of depreciable assets are:

Class of Fixed Asset	Useful life
Plant and equipment	2 - 10 years
Motor Vehicles	6 - 8 years

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at the end of each reporting period.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

Gains and losses on disposals are determined by comparing proceeds with the carrying amount. These gains and losses are included in the statement of profit or loss and other comprehensive income. When revalued assets are sold, amounts included in the revaluation surplus relating to that asset are transferred to retained earnings.

f. Exploration and Development Expenditure

Exploration, evaluation and development expenditures incurred are capitalised in respect of each identifiable area of interest. These costs are only capitalised to the extent that they are expected to be recovered through the successful development of the area or where activities in the area have not yet reached a stage that permits reasonable assessment of the existence of economically recoverable reserves.

Accumulated costs in relation to an abandoned area are written off in full against profit in the year in which the decision to abandon the area is made.

When production commences, the accumulated costs for the relevant area of interest are amortised over the life of the area according to the rate of depletion of the economically recoverable reserves.

A regular review is undertaken of each area of interest to determine the appropriateness of continuing to capitalise costs in relation to that area of interest.

Costs of site restoration are provided over the life of the project from when exploration commences and are included in the costs of that stage. Site restoration costs include the dismantling and removal of mining plant, equipment and building structures, waste removal, and rehabilitation of the site in accordance with local laws and regulations and clauses of the permits. Such costs have been determined using estimates of future costs, current legal requirements and technology on an undiscounted basis.

Any changes in the estimates for the costs are accounted on a prospective basis. In determining the costs of site restoration, there is uncertainty regarding the nature and extent of the restoration due to community expectations and future legislation. Accordingly the costs have been determined on the basis that the restoration will be completed within one year of abandoning the site.

g. Leases

Leases of fixed assets where substantially all the risks and benefits incidental to the ownership of the asset, but not the legal ownership that is transferred to the Group, are classified as finance leases. Leased assets are depreciated on a straight-line basis over the shorter of their estimated useful lives or the lease term.

Lease payments for operating leases, where substantially all the risks and benefits remain with the lessor, are recognised as expenses in the periods in which they are incurred.

Lease incentives under operating leases are recognised as a liability and amortised on a straight-line basis over the lease term.

Finance leases are capitalised by recognising an asset and a liability at the lower of the amounts equal to the fair value of the leased property or the present value of the minimum lease payments, including any guaranteed residual values. Lease payments are allocated between the reduction of the lease liability and the lease interest expense for the period.

h. Impairment testing of non-current assets

For impairment assessment purposes, assets are grouped at the lowest levels for which there are largely independent cash inflows (cash-generating units). As a result, some assets are tested individually for impairment and some are tested at cash-generating unit level.

All assets or cash-generating units are tested for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable.

An impairment loss is recognised for the amount by which the asset's or cash-generating unit's carrying amount exceeds its recoverable amount, which is the higher of fair value less costs to sell and value-in-use. To determine the value-in-use, management estimates expected future cash flows from each cash-generating unit and determines a suitable interest rate in order to calculate the present value of those cash flows. The data used for impairment testing procedures are directly linked to the Group's latest approved budget, adjusted as necessary to exclude the effects of future reorganisations and asset enhancements. Discount factors are determined individually for each cash-generating unit and reflect management's assessment of respective risk profiles, such as market and asset-specific risks factors.

All assets are subsequently reassessed for indications that an impairment loss previously recognised may no longer exist. An impairment charge is reversed if the cash-generating unit's recoverable amount exceeds its carrying amount.

i. Financial Instruments

Recognition and initial measurement

Financial assets and financial liabilities are recognised when the entity becomes a party to the contractual provisions to the instrument. For financial assets, this is equivalent to the date that the Group commits itself to either the purchase or sale of the asset (ie trade date accounting is adopted).

Financial instruments are initially measured at fair value plus transaction costs, except where the instrument is classified "at fair value through profit or loss", in which case transaction costs are expensed to profit or loss immediately.

Classification and subsequent measurement

Financial instruments are subsequently measured at fair value, amortised cost using the effective interest rate method, or cost.

Amortised cost is the amount at which the financial asset or financial liability is measured at initial recognition less principal repayments and any reduction for impairment, and adjusted for any cumulative amortisation of the difference between that initial amount and the maturity amount calculated using the effective interest method.

Fair value is determined based on current bid prices for all quoted investments. Valuation techniques are applied to

determine the fair value for all unlisted securities, including recent arm's length transactions, reference to similar instruments and option pricing models.

The effective interest method is used to allocate interest income or interest expense over the relevant period and is equivalent to the rate that discounts estimated future cash payments or receipts (including fees, transaction costs and other premiums or discounts) through the expected life (or when this cannot be reliably predicted, the contractual term) of the financial instrument to the net carrying amount of the financial asset or financial liability. Revisions to expected future net cash flows will necessitate an adjustment to the carrying value with a consequential recognition of an income or expense item in profit or loss.

The Group does not designate any interests in subsidiaries, associates or joint venture entities as being subject to the requirements of Accounting Standards specifically applicable to financial instruments.

(i). Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market and are subsequently measured at amortised cost.

Loans and receivables are included in current assets, where they are expected to mature within 12 months after the end of the reporting period.

(ii). Classification and subsequent measurement of financial liabilities

The Group's financial liabilities include borrowings and trade and other payables.

Financial liabilities are measured at amortised cost using the effective interest method.

All interest-related charges and, if applicable, changes in an instrument's fair value that are reported in profit or loss are included within finance costs or finance income.

j. Interests in Joint Ventures

A joint venture is a contractual arrangement whereby two or more parties undertake an economic activity that is subject to joint control. A jointly controlled operation involves use of assets and other resources of the venturers rather than establishment of a separate entity. The Group recognises its interest in the jointly controlled operations by recognising the assets that it controls and the liabilities that it incurs. The Group also recognises the expenses that it incurs and its share of the income that it earns from the sale of goods or services by the jointly controlled operation.

The Group has entered into a number of Joint Ventures with various parties to explore on certain tenements that the Company has a beneficial interest in.

k. Equity-settled compensation

The Group operates an employee share option plan. Share-based payments to employees are measured at the fair value of the instruments issued and amortised over the vesting periods. Share-based payments to non-employees are measured at the fair value of goods or services received or the fair value of the equity instruments issued, if it is determined the fair value of the goods or services cannot be reliably measured, and are recorded at the date the goods or services are received. The corresponding amount is recorded to the share option reserve. The fair value of options is determined using the Black-Scholes pricing model. The number of options expected to vest is reviewed and adjusted at the end of each reporting period such that the amount recognised for services received as consideration for the equity instruments granted is based on the number of equity instruments that eventually vest.

l. Provisions

Provisions are recognised when the Group has a legal or constructive obligation, as a result of past events, for which it is probable that an outflow of economic benefits will result and that outflow can be reliably measured.

Provisions are measured using the best estimate of the amounts required to settle the obligation at the end of the reporting period.

m. Cash and Cash Equivalents

Cash and cash equivalents include cash on hand, deposits available on demand with banks, other short-term highly liquid investments with original maturities of 6 months or less, and bank overdrafts. Bank overdrafts are reported within

short-term borrowings in current liabilities in the statement of financial position.

n. Revenue and Other Income

Revenue is measured at the fair value of the consideration received or receivable after taking into account any trade discounts and volume rebates allowed. When the inflow of consideration is deferred, it is treated as the provision of financing and is discounted at a rate of interest that is generally accepted in the market for similar arrangements. The difference between the amount initially recognised and the amount ultimately received is interest revenue. Revenue from the sale of goods is recognised at the point of delivery as this corresponds to the transfer of significant risks and rewards of ownership of the goods and the cessation of all involvement in those goods.

Interest revenue is recognised using the effective interest rate method.

All revenue is stated net of the amount of goods and services tax (GST).

o. Borrowing Costs

Borrowing costs directly attributable to the acquisition, construction or production of assets that necessarily take a substantial period of time to prepare for their intended use or sale are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale.

All other borrowing costs are recognised in profit or loss in the period in which they are incurred.

p. Goods and Services Tax (GST)

Revenues, expenses and assets are recognised net of the amount of GST, except where the amount of GST incurred is not recoverable from the Australian Taxation Office (ATO).

Receivables and payables are stated inclusive of the amount of GST receivable or payable. The net amount of GST recoverable from, or payable to, the ATO is included with other receivables or payables in the statement of financial position.

Cash flows are presented on a gross basis. The GST components of cash flows arising from investing or financing activities which are recoverable from, or payable to, the ATO are presented as operating cash flows included in receipts from customers or payments to suppliers.

q. Government Grants

Government grants are recognised at fair value where there is reasonable assurance that the grant will be received and all grant conditions will be met. Grants relating to expense items are recognised as income over the periods necessary to match the grant to the costs they are compensating. Grants relating to assets are credited to deferred income at fair value and are credited to income over the expected useful life of the asset on a straight-line basis.

r. Contributed equity

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds.

s. Earnings per share

Basic earnings per share is calculated as net profit attributable to members of the parent, adjusted to exclude any costs of servicing equity (other than dividends), divided by the weighted average number of ordinary shares, adjusted for any bonus element.

Diluted earnings per share adjusts the figures used in the determination of basic earnings per share to take into account the weighted average number of shares assumed to have been issued for no consideration in relation to dilutive potential ordinary shares.

t. Comparative Figures

When required by Accounting Standards, comparative figures have been adjusted to conform to changes in presentation for the current financial year.

u. Critical Accounting Estimates and Judgments

The Directors evaluate estimates and judgments incorporated into the financial statements based on historical knowledge and best available current information. Estimates assume a reasonable expectation of future events and are based on current trends and economic data, obtained both externally and within the Group.

Key estimates

(i) Impairment

The Group assesses impairment at the end of each reporting period by evaluating conditions and events specific to the Company that may be indicative of impairment triggers. Recoverable amounts of relevant assets are reassessed using value-in-use calculations which incorporate various key assumptions.

(ii) Exploration and evaluation expenditure

The Group capitalises expenditure relating to exploration and evaluation where it is considered likely to be recoverable or where the activities have not reached a stage that permits a reasonable assessment of the existence of reserves. While there are certain areas of interest from which no reserves have been extracted, the Directors are of the continued belief that such expenditure should not be written off since the evaluation of such areas have not yet concluded. Such capitalised expenditure is carried at the end of the reporting period at $17,055,933 (2012: $13,538,949).

v. New and amended standards adopted by the Group

AASB 2010-8 Amendments to Australian Accounting Standard – Deferred Tax: Recovery of Underlying Assets (Applies to annual reporting periods beginning on or after 1 January 2012)

AASB 2010-8 provides clarification on the determination of deferred tax assets and deferred tax liabilities when investment properties are measured using the fair value model in AASB 140 Investment Properties. It introduces a rebuttable presumption that an investment property is recovered entirely through sale. This presumption is rebutted if the investment property is held within a business model where the objective is to consume substantially all of the economic benefits embodied in the investment property over time, rather than through sale.

AASB 2010-8 also includes the requirement that the measurement of deferred tax assets and deferred tax liabilities on non-depreciable assets measured using the revaluation model in AASB 116 Property, Plant and Equipment should always be based on recovery through sale.

These amendments have had no impact on the Group.

AASB 2011-9 Amendments to Australian Accounting Standards – Presentation of Items of Other Comprehensive Income (Applies annual reporting periods beginning on or after 1 July 2012)

AASB 2011-9 requires entities to group items presented in Other Comprehensive Income on the basis of whether they are potentially re-classifiable to profit or loss subsequently, and changes the title of 'statement of comprehensive income' to 'statement of profit or loss and other comprehensive income'.

The adoption of the new and revised Australian Accounting Standards and Interpretations has had no significant impact on the Group's accounting policies or the amounts reported during the current year. The adoption of AASB 2011-9 has resulted in changes to the Group's presentation of its financial statements.

w. Accounting standards issued but not yet effective and not been adopted early by the Group

The Group notes the following Accounting Standards which have been issued but are not yet effective at 30 June 2013. These standards have not been adopted early by the Group. The Group 's assessment of the impact of these new standards and interpretations is set out below:

(i) *AASB 9 Financial Instruments, AASB 2009-11 Amendments to Australian Accounting Standards arising from AASB 9, AASB 2010-7 Amendments to Australian Accounting Standards arising from AASB 9 (December 2010) and AASB 2012-6 Amendments to Australian Accounting Standards – Mandatory Effective Date of AASB 9 and Transition Disclosures (effective from 1 January 2015)*

AASB 9 introduces new requirements for the classification and measurement of financial assets and liabilities.

These requirements improve and simplify the approach for classification and measurement of financial assets and liabilities compared with the requirements of AASB 139. The main changes are:

- Financial assets that are debt instruments will be classified based on (1) the objective of the entity's business model for managing the financial assets; and (2) the characteristics of the contractual cash flows.

- Allows an irrevocable election on initial recognition to present gains and losses on investments in equity instruments that are not held for trading in other comprehensive income (instead of in profit or loss).

- Dividends in respect of these investments that are a return on investment can be recognised in profit or loss and there is no impairment or recycling on disposal of the instrument.

- Financial assets can be designated and measured at fair value through profit or loss at initial recognition if doing so eliminates or significantly reduces a measurement or recognition inconsistency that would arise from measuring assets or liabilities, or recognising the gains and losses on them, on different bases.

- Where the fair value option is used for financial liabilities the change in fair value is to be accounted for as follows;

- The change attributable to changes in credit risk are presented in other comprehensive income (OCI) and;

- The remaining change is presented in profit or loss.

There will be no impact on the Group's accounting for financial liabilities, as the new requirements only affect the accounting for financial liabilities that are designated at fair value through profit or loss and the Group does not have any such liabilities. The de-recognition rules have been transferred from AASB 139 Financial Instruments: Recognition and Measurement and have not been changed. The Group has not yet decided when to adopt AASB 9.

(ii) *AASB 10 Consolidated Financial Statements, AASB 11 Joint Arrangements, AASB 12 Disclosure of Interests in Other Entities, revised AASB 127 Separate Financial Statements, AASB 128 Investments in Associates and Joint Ventures, AASB 2011-7 Amendments to Australian Accounting Standards arising from the Consolidation and Joint Arrangements Standards and AASB 2012-10 Amendments to Australian Accounting Standards – Transition Guidance and Other Amendments (effective 1 January 2013)*

- AASB 10 replaces all of the guidance on control and consolidation in AASB 127 Consolidated and Separate Financial Statements, and Interpretation 12 Consolidation – Special Purpose Entities.

The core principle that a consolidated entity presents a parent and its subsidiaries as if they are a single economic entity remains unchanged, as do the mechanics of consolidation. However, the standard introduces a single definition of control that applies to all entities. It focuses on the need to have both power and rights or exposure to variable returns. Power is the current ability to direct the activities that significantly influence returns. Returns must vary and can be positive, negative or both. Control exists when the investor can use its power to affect the amount of its returns.

When this standard is first adopted for the year ended 30 June 2014, there will be no impact on the transactions and balances recognised in the financial statements.

- AASB 11 replaces AASB 131 Interests in Joint Ventures and AASB Interpretation 113 Jointly-controlled Entities – Non-monetary Contributions by Ventures. AASB 11 uses the principle of control in AASB 10 to define joint control, and therefore the determination of whether joint control exists may change.

In addition, AASB 11 removes the option to account for jointly-controlled entities using proportionate consolidation. Instead, accounting for a joint arrangement is dependent on the nature of the rights and obligations arising from the arrangement. Joint operations that give the venturers a right to the underlying assets and obligations for liabilities are accounted for by recognising the share of those assets and liabilities. Joint ventures that give the venturers a right to the net assets are accounted for using the equity method.

When this standard is first adopted for the year ended 30 June 2014, there will be no impact on transactions and balances recognised in the financial statements because the joint arrangements in place relate to joint operations.

- AASB 12 sets out the required disclosures for entities reporting under the two new standards, AASB 10 and AASB 11, and replaces the disclosure requirements currently found in AASB 127 and AASB 128. Application of this standard by the Group will not affect any of the amounts recognised in the financial statements, but will impact the type of information disclosed in relation to the Group's investments.

Amendments to AASB 128 provide clarification that an entity continues to apply the equity method and does not remeasure its retained interest as part of ownership changes where a joint venture becomes an associate, and vice versa. The amendments also introduce a "partial disposal" concept.

When this standard is first adopted for the year ended 30 June 2014, there will be no impact on the transactions and balances recognised in the financial statements.

(iii) *AASB 13 Fair Value Measurement and AASB 2011-8 Amendments to Australian Accounting Standards arising from AASB 13 (effective 1 January 2013)*

AASB 13 explains how to measure fair value and aims to enhance fair value disclosures. Application of the new standard will impact the type of information disclosed in the notes to the financial statements.

The Group is yet to undertake a detailed analysis of the differences between the current fair valuation methodologies used and those required by AASB 13. However, when this standard is adopted for the first time for the year ended 30 June 2014, there will be no impact on the financial statements because the revised fair value measurement requirements apply prospectively from 1 January 2013.

(iv) *Revised AASB 119 Employee Benefits and AASB 2011-10 Amendments to Australian Accounting Standards arising from AASB 119 (September 2011)*

The AASB released a revised standard on accounting for employee benefits. It requires the recognition of all re-measurements of defined benefit liabilities/assets immediately in other comprehensive income (removal of the so-called 'corridor' method), the immediate recognition of all past service cost in profit or loss and the calculation of a net interest expense or income by applying the discount rate to the net defined benefit liability or asset. This replaces the expected return on plan assets that is currently included in profit or loss. The standard also introduces a number of additional disclosures for defined benefit liabilities/assets and could affect the timing of the recognition of termination benefits. The amendments will have to be implemented retrospectively.

The Group does not have any defined benefit plans. Therefore, these amendments will have no impact on the Group.

(v) *AASB Interpretation 20 Stripping Costs in the Production Phase of Surface Mining*

This interpretation clarifies that costs of removing mine waste materials (overburden) to gain access to mineral ore deposits during the production phase of a mine must be capitalised as inventories under AASB 102 Inventories, if the benefits from stripping activity is realised in the form of inventory produced. Otherwise, if stripping activity provides improved access to the ore, stripping costs must

be capitalised as a non-current asset (if certain recognition criteria are met, as an addition to, or enhancement of, an existing asset).

The Group does not operate a surface mine. Therefore, there will be no impact on the financial statements when this interpretation is first adopted for reporting periods commencing from 1 January 2013.

(vi) *AASB 2011-4 Amendments to Australian Accounting Standards to Remove Individual Key Management Personnel Disclosure Requirements*

The Standard amends AASB 124 Related Party Disclosures to remove the individual key management personnel (KMP) disclosures required by Australian specific paragraphs. This amendment reflects the AASB's view that these disclosures are more in the nature of governance disclosures that are better dealt within the legislation, rather than by the accounting standards.

When these amendments are first adopted for the year ending 30 June 2014, they are unlikely to have any significant impact on the Group.

(vii) ***AASB 2012-2 Amendments to Australian Accounting Standards – Disclosures – Offsetting Financial Assets and Financial Liabilities***

This Standard amends the required disclosures in AASB 7 to include information that will enable users of an entity's financial statements to evaluate the effect or potential effect of netting arrangements, including rights of set-off associated with the entity's recognised financial assets and recognised financial liabilities, on the entity's financial position.
This Standard also amends AASB 132 to refer to the additional disclosures added to AASB 7 by this Standard.

When this AASB 2012-2 is first adopted for the year ended 30 June 2014, there will be no impact on the Group as the Group does not have any netting arrangements in place.

(viii) *AASB 2012-3 Amendments to Australian Accounting Standards – Offsetting Financial Assets and Financial Liabilities*

AASB 2012-3 adds application guidance to AASB 132 to address inconsistencies identified in applying some of the offsetting criteria of AASB 132, including clarifying the meaning of "currently has a legally enforceable right of set-off" and that some gross settlement systems may be considered equivalent to net settlement.

When AASB 2012-3 is first adopted for the year ended 30 June 2015, there will be no impact on the Group as this standard merely clarifies existing requirements in AASB 132.

(ix) *Recoverable Amount Disclosures for Non-Financial Assets (Amendments to IAS 36)*

These narrow-scope amendments address disclosure of information about the recoverable amount of impaired assets if that amount is based on fair value less costs of disposal.

When these amendments are adopted for the first time on 1 January 2014, they are unlikely to have any significant impact on the Group given that they are largely of the nature of clarification of existing requirements.

(x) *IFRIC Interpretation 21 Levies*

IFRIC 21 addressed how an entity should account for liabilities to pay levies imposed by governments, other than income taxes, in its financial statements (in particular, when the entity should recognise a liability to pay a levy).

IFRIC 21 is an interpretation of IAS 37 Provisions, Contingent Liabilities and Contingent Assets. IAS 37 sets out criteria for the recognition of a liability, one of which is the requirement for the entity to have a present obligation as a result of a past event (known as an obligating event).

The Interpretation clarifies that the obligating event that gives rise to a liability to pay a levy is the activity described in the relevant legislation that triggers the payment of the levy. For example, if the activity that triggers the payment of the levy is the generation of revenue in the current period and the calculation of that levy is based on the revenue that was generated in a previous period, the obligating event for that levy is the generation of revenue in the current period. The generation of revenue in the previous period is necessary, but not sufficient, to create a present obligation.

When this interpretation is adopted for the first time on 1 January 2014, there will be no significant impact on the financial statements as the Group is not subject to any levies addressed by this interpretation.

There are no other standards that are not yet effective and that are expected to have a material impact on the entity in the current or future reporting periods and on foreseeable future transactions.

4. Operating Segments

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.

5. Revenue and expenses

	Consolidated	
	2013 $	2012 $
(a) Other income		
Interest revenue	578,699	914,964
Fuel tax credits	2,914	11,345
	581,613	**926,309**
(b) Depreciation of non current assets		
Plant and equipment	60,199	81,411
Motor Vehicles	28,850	29,994
	89,049	**111,405**
(c) Finance expenses		
Finance costs	85	592
Interest applicable to hire-purchase	8,186	10,542
	8,271	**11,134**
(d) Employees benefits expense		
Wages, salaries, directors fees and other remuneration expenses	1,228,097	1,173,740
Superannuation expense	103,772	101,473
Transfer to/(from) annual leave provision	3,457	64,230
Transfer to/(from) long service leave provision	9,437	2,986
Share-based payments expense	23,808	37,485
Transfer to capitalised tenements	(904,299)	(870,124)
	464,272	**509,790**
(e) Other expenses from ordinary activities		
Secretarial, professional and consultancy	184,824	88,776
Occupancy costs	104,550	100,722
Share register maintenance	33,836	34,495
Insurance costs	30,529	33,766
Promotion, advertising and sponsorship	31,467	25,301
Audit fees	30,264	13,250
Computer expenses	47,053	39,438
Recruitment costs	-	31,610
Employer related on-costs	55,161	34,563
Other expenses	25,833	163,711
	543,517	**565,632**

6. Income tax (benefit)/expense

	Consolidated	
	2013 $	**2012 $**
Income Tax		
The major components of income tax expense are:		
Statement of Profit or Loss and Other Comprehensive Income		
Current income tax		
Current income tax charge/(benefit)	-	4,530
Research and Development Tax offset	(292,626)	-
Income tax expense/(benefit) reported in the income statement	**(292,626)**	**4,530**
A reconciliation between tax expense and the product of accounting profit before income tax multiplied by the Group's applicable income tax rate is as follows:		
Accounting profit/(loss) before income tax	(878,435)	(271,652)
At the Group's statutory income tax rate of 30% (2012: 30%)	(263,531)	(81,496)
Immediate write off of capital expenditure	(1,161,577)	(1,182,503)
Expenditure not allowable for income tax purposes	113,993	11,830
Other deductible items	(64,905)	(64,905)
Tax losses not recognised due to not meeting recognition criteria	1,376,020	1,317,074
Tax portion of share issue costs	-	4,530
	-	**4,530**

The Company has tax losses arising in Australia of $11,102,030 (2012: $6,649,093) that are available indefinitely for offset against future taxable profits of the companies in which the losses arose.

7. Earnings per share

Basic earnings per share amounts are calculated by dividing net profit for the year attributable to ordinary equity holders of the parent by the weighted average number of ordinary shares outstanding during the year.

Diluted earnings per share amounts are calculated by dividing the net profit attributable to ordinary equity holders of the parent by the weighted average number of ordinary shares outstanding during the year plus the weighted average number of ordinary shares that would be issued on the conversion of all the dilutive potential ordinary shares into ordinary shares.

The following reflects the income and share data used in the basic and diluted earnings per share computations:

	Consolidated	
	2013 $	**2012 $**
Net profit/(loss) attributable to ordinary equity holders of the parent entity	**(585,809)**	**(276,182)**
Weighted average number of ordinary shares for basic earnings per share	121,000,000	121,000,000
Effect of dilution		
Share options	N/A	N/A
Weighted average number of ordinary shares adjusted for the effect of dilution	**121,000,000**	**121,000,000**

In accordance with AASB 133 'Earnings per Share', as potential ordinary shares may only result in a situation where their conversion results in an increase in loss per share or decrease in profit per share from continuing operations, no dilutive effect has been taking into account.

There have been no other transactions involving ordinary shares or potential ordinary shares between the reporting date and the date of completion of these financial statements.

8. Cash and cash equivalents

	Consolidated	
	2013 $	**2012 $**
Cash and Cash Equivalents		
Cash at bank and in hand	1,155,706	460,860
Short-term deposits	8,410,000	13,110,000
	9,565,706	**13,570,860**
Reconciliation to Statement of Cash Flows		
For the purposes of the Statement of Cash Flows, cash and cash equivalents comprise the following at 30 June:		
Cash at banks and in hand	1,155,706	460,860
Short-term deposits	8,410,000	13,110,000
	9,565,706	**13,570,860**
Reconciliation of net loss after tax to net cash flows from operations		
Net loss	(585,809)	(276,182)
Adjustments for non-cash items:		
Depreciation	89,049	111,405
Share based payments	23,808	37,485
Non cash income tax expense	-	4,530
Changes in assets and liabilities		
Decrease/(Increase) in trade and other receivables	9,576	61,567
Decrease/(Increase) in prepayments	643	32,730
Decrease/(Increase) in interest receivable	127,226	(28,962)
Increase/(Decrease) in trade and other payables	223,166	(212,280)
Increase/(Decrease) in employee entitlements	12,894	67,216
Net cash (used in)/provided by operating activities	**(99,447)**	**(202,491)**

9. Trade and other receivables

	Consolidated	
	2013 $	2012 $
Goods & Services Tax receivable	116,656	121,912
Fuel tax credits receivable	7,025	11,345
	123,681	**133,257**

Information regarding the credit risk of current receivables is set out in note 23.

10. Other current assets

	Consolidated	
	2013 $	2012 $
Prepayments	3,118	3,761
Accrued income	51,042	178,268
	54,160	**182,029**

11. Property, plant and equipment

	Consolidated	
	2013 $	2012 $
Motor vehicles		
Cost		
Balance at 1 July	166,545	97,097
Additions	-	69,448
Balance at 30 June	**166,545**	**166,545**
Accumulated depreciation		
Balance at 1 July	31,805	1,811
Depreciation for the year	28,850	29,994
Balance at 30 June	**60,655**	**31,805**
Net book value	**105,890**	**134,740**

11. Property, plant and equipment (continued)

	Consolidated	
	2013 $	2012 $
Property, plant and equipment		
Cost		
Balance at 1 July	181,156	128,761
Additions	41,212	54,478
Disposals	-	(2,083)
Balance at 30 June	**222,368**	**181,156**
Accumulated depreciation		
Balance at 1 July	91,620	11,280
Depreciation for the year	60,199	81,411
Disposals	-	(1,071)
Balance at 30 June	**151,819**	**91,620**
Net book value	**70,549**	**89,536**
Total		
Cost		
Opening balance	347,701	225,858
Additions	41,212	123,926
Disposals	-	(2,083)
Balance at 30 June	**388,913**	**347,701**
Accumulated depreciation		
Opening balance	123,425	13,091
Depreciation for the year	89,049	111,405
Disposals	-	(1,071)
Balance at 30 June	**212,474**	**123,425**
Net book value	**176,439**	**224,276**

12. Exploration and evaluation assets

	Consolidated	
	2013 $	2012 $
Exploration and evaluation phases	17,055,933	13,538,949
	17,055,933	**13,538,949**

The ultimate recoupment of costs carried forward for exploration and evaluation phases is dependent on the successful development and commercial exploitation or sale of the respective mining areas.

Consolidated group	Exploration	Total
	$	$
Balance 1 July 2012	13,538,949	13,538,949
Additions through expenditure capitalised	3,871,923	3,871,923
Imairment of relinquished tenements	(354,939)	(354,939)
Balance at 30 June 2013	**17,055,933**	**17,055,933**

Exploration and Evaluation expenditure has been carried forward to the extent that it is expected to be recouped through the successful development of the area or where activities in the area have not yet reached a stage that permits reasonable assessment of the existence of economically recovered reserves.

13. Share based payments

Employee Share Option Plan

The Company has established the Musgrave Minerals Ltd Employee Share Option Plan and a summary of the Rules of the Plan are set out below:

- All employees (full and part time) will be eligible to participate in the Plan after a qualifying period of 12 months employment by a member of the Group, although the Board may waive this requirement.
- Options are granted under the Plan at the discretion of the Board and if permitted by the Board, may be issued to an employee's nominee.
- Each option is to subscribe for one fully paid ordinary share in the Company and will expire 5 years from its date of issue. An option is exercisable at any time from its date of issue. Options will be issued without cost to the employee. The exercise price of options will be determined by the Board, subject to a minimum price equal to the market value of the Company's shares at the time the Board resolves to offer those options. The total number of shares the subject of options issued under the Plan, when aggregated with issues during the previous 5 years pursuant to the Plan and any other employee share plan, must not exceed 5% of the Company's issued share capital.
- If, prior to the expiry date of options, a person ceases to be an employee of a Group company for any reason other than retirement at age 60 or more (or such earlier age as the Board permits), permanent disability, redundancy or death, the options held by that person (or that person's nominee) automatically lapse on the first to occur of a) the expiry of the period of 6 months from the date of such occurrence, and b) the expiry date. If a person dies, the options held by that person will be exercisable by that person's legal personal representative.
- Options cannot be transferred other than to the legal personal representative of a deceased option holder.
- The Company will not apply for official quotation of any options.
- Shares issued as a result of the exercise of options will rank equally with the Company's previously issued shares.
- Option holders may only participate in new issues of securities by first exercising their options.

The Board may amend the Plan Rules subject to the requirements of the Listing Rules. The expense recognised in the Statement of Profit or Loss and Other Comprehensive Income in relation to share-based payments is disclosed in note 6(d). The following table illustrates the number (No.) and weighted average exercise prices (WAEP) and movements in share options under the Company's Employee Share Option Plan issued during the year:

	2013	2013	2012	2012
	No.	WAEP	No.	WAEP
Outstanding at the beginning of the year	16,025,000	0.33	15,500,000	0.33
Granted during the year	575,000	0.25	525,000	0.25
Expired/ lapsed during the year	(150,000)	0.25	-	-
Outstanding at the end of the year	16,450,000	0.32	16,025,000	0.33
Exercisable at the end of the year	**16,450,000**	**0.32**	**1,025,000**	**0.30**

The outstanding balance as at 30 June 2013 is represented by the following options:

Issue Date	Expiry Date	Exercise Price	Number of options outstanding
21/08/2010	20/08/2015	$0.25	7,750,000
17/02/2011	17/02/2016	$0.36	4,750,000
17/02/2011	17/02/2016	$0.50	2,500,000
09/05/2011	08/05/2016	$0.36	500,000
24/01/2012	23/01/2017	$0.25	375,000
06/03/2013	05/03/2018	$0.25	500,000
25/03/2013	24/03/2018	$0.25	75,000
			16,450,000

The weighted average remaining contractual life for the share options outstanding as at 30 June 2013 is 2.50 years (2012: 3.44 years).

The range of exercise prices for options outstanding at the end of the year was $0.25 - $0.50 (2012: $0.25 - $0.50).

The weighted average fair value of options granted during the year was $0.041 (2012: $0.071).

The fair value of the equity-settled share options granted under the option plan is estimated as at the date of grant using a Black-Scholes model taking into account the terms and conditions upon which the options were granted.

The following table lists the inputs to the model used for the year ended 30 June 2013 and 30 June 2012:

	2013	2012
Historical volatility (%)	82%	114%
Risk-free interest rate (%)	3.12%	3.43%
Expected life of option (years)	5	5

14. Trade and other payables

	Consolidated	
	2013 $	2012 $
Trade payables (i)	94,018	43,606
Other payables (ii)	157,043	269,826
	251,061	**313,432**

i. Trade payables are non-interest bearing and are normally settled on 30-day terms.

ii. Other payables are non-interest bearing and are normally settled within 30 - 90 days. Information regarding the credit risk of current payables is set out in note 23.

15. Borrowings

	Consolidated	
	2013 $	2012 $
Current		
Hire purchase contracts	47,293	64,587
	47,293	**64,587**
Non-current		
Hire purchase contracts	6,174	50,854
	6,174	**50,854**

Motor vehicles with a carrying value of $100,923 (2012: $128,117) act as security for the hire purchase liabilities.

16. Provisions

	Consolidated	
	2013 $	**2012 $**
Current		
Annual leave provision:		
Balance at 1 July	87,060	22,830
Net increase/(decrease in provision)	3,457	64,230
Closing balance 30 June	**90,517**	**87,060**
Non-current		
Long service leave:		
Balance at 1 July	4,182	1,196
Net increase/(decrease in provision)	9,437	2,986
Closing balance 30 June	**13,619**	**4,182**

17. Issued capital

	Consolidated	
	2013 $	**2012 $**
121,000,000 fully paid ordinary shares (2012: 121,000,000)	26,718	26,718,899
	26,718,899	**26,718,899**

There were no movements in issued capital either in the current year or for the year ended 30 June 2012.

Effective 1 July 1998, the Corporations legislation in place abolished the concepts of authorised capital and par value shares. Accordingly, the Company does not have authorised capital nor par value in respect of its issued shares.

Fully paid ordinary shares carry one vote per share and carry the right to dividends (in the event such a dividend was declared).

21. Contingent liabilities and contingent assets

At the date of signing this report, the Company is not aware of any Contingent Asset or Liability that should be disclosed in accordance with AASB 137. It is however noted that the Company has various bank guarantees totalling $110,000 at 30 June 2013 (2012: $110,000) which act as collateral over the lease of offices at 19 Richardson St, West Perth and the Company's Visa business credit cards.

22. Auditor's remuneration

	Consolidated	
	2013 $	**2012 $**
Audit or review of the financial report	30,264	13,250
	30,264	**13,250**

23. Financial risk management

Capital risk management

The Group manages its capital to ensure that it will be able to continue as a going concern while maximising the return to stakeholders.

The capital structure of the Group consists of cash and cash equivalents and equity attributable to equity holders of the parent, comprising issued capital, reserves and accumulated losses as disclosed in notes 17, 18 and 19 respectively.

Proceeds from share issues are used to maintain and expand the Group's exploration activities and fund operating costs.

	2013 $	**2012 $**
Financial Assets		
Cash and cash equivalents	9,565,706	13,570,860
Trade receivables	123,681	133,257
Financial Liabilities		
Payables	251,061	313,432
Borrowings	53,467	115,441

Credit risk management

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the Group. The Group has adopted a policy of only dealing with creditworthy counterparties as a means of mitigating the risk of financial loss from activities.

The Group does not have any significant credit risk exposure to any single counterparty or any group of counterparties having similar characteristics. The credit risk on liquid funds is limited because the counterparties are banks with high credit-ratings assigned by international credit-rating agencies.

The carrying amount of financial assets recorded in the financial statements, net of any allowances for losses, represents the Group's maximum exposure to credit risk.

Interest rate risk

The tables below detail the Group's interest bearing assets, consisting solely of cash on hand and on short term deposit (with all maturities less than one year in duration).

	Weighted average effective interest rate %	Less than one year $
2013		
Fixed interest rate	4.21	8,410,000
Variable interest rate	-	1,155,706

	Weighted average effective interest rate %	Less than one year $
2012		
Fixed interest rate	5.54	13,110,000
Variable interest rate	-	460,860

At reporting date, if interest rates had been 50 basis points higher or lower and all other variables were held constant, the Group's:

- net loss would increase or decrease by $42,050 which is mainly attributable to the Group's exposure to interest rates on its variable bank deposits.

Liquidity risk management

Ultimate responsibility for liquidity risk management rests with the Board, which has built an appropriate liquidity risk management framework for the management of the Group's short, medium and long-term funding and liquidity management requirements. The Group manages liquidity risk by maintaining adequate reserves.

Liquidity and interest risk tables

The following table details the Company's remaining contractual maturity for its non-derivative financial liabilities. The table has been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the Company can be required to pay. The table includes both interest and principal cash flows.

	Weighted average effective interest rate %	Less than one year $	Longer than 1 year and not longer than 5 years $
2013			
Interest bearing	8.66	47,293	6,174
Non-interest bearing	-	251,061	-

	Weighted average effective interest rate %	Less than one year $	Longer than 1 year and not longer than 5 years $
2012			
Interest bearing	8.66	64,587	50,854
Non-interest bearing	-	313,432	-

24. Controlled entities

	Country of incorporation	Ownership interest	
Name of entity		**2013 %**	**2012 %**
Parent entity			
Musgrave Minerals Ltd	Australia		
Subsidiaries			
Musgrave Exploration Pty Ltd	Australia	100	-

25. Parent entity information

	2013 $	2012 $
Financial Position		
Assets		
Current Assets	9,743,547	13,886,146
Non-current Assets	17,232,372	13,763,225
	26,975,919	**27,649,371**
Liabilities		
Current liabilities	388,871	465,079
Non-current Liabilities	19,793	55,036
	408,664	**520,115**
Equity		
Issued Capital	26,718,899	26,718,899
Reserves	2,958,083	2,944,985
Retained Earnings	(3,109,727)	(2,534,628)
	26,567,255	**27,129,256**
Financial Performance		
(Loss) for the year	(585,809)	(276,182)
Other comprehensive income	-	-
	(585,809)	**(276,182)**

Guarantees

Musgrave Minerals Ltd has not entered into any guarantees, in the current or previous financial year, in relation to the debts of its subsidiaries.

Contingent Liabilities

Contingent liabilities of the parent entity have been incorporated into the Group information in note 21. The contingent liabilities of the parent are consistent with that of the Group.

Contractual Commitments

Contractual Commitments of the parent entity have been incorporated into the Group information in note 20. The contractual commitments of the parent are consistent with that of the Group.

26. Related party disclosure and key management personnel remuneration

The following individuals are classified as key management personnel in accordance with AASB 124 'Related Party Disclosures':
Graham Ascough, Non-Executive Chairman
Robert Waugh, Managing Director
Kelly Ross, Non-Executive Director
John Percival, Non-Executive Director
Donald Stephens, Company Secretary
Justin Gum, Principal Geologist
Ian Warland, Exploration Manager

Details of key management personnel's remuneration can be found in the remuneration report.

a). Aggregate remuneration for Key Management Personnel

	Consolidated	
	2013 $	2012 $
Short-term employee benefits	630,513	560,155
Post employment benefits	49,793	56,545
Share-based payments	21,550	-
	701,856	**616,700**

(b). Option holdings of Key Management Personnel

30-Jun-13	Balance at beginning of period	Granted as remuneration	Options Exercised	Net change other	Balance at end of period	Vested at 30 June 2013		
						Expiry Date	First Exercise Date	Last Exercise Date
Graham Ascough	750,000	-	-	-	750,000	17/02/16	28/04/13	17/02/16
Robert Waugh	2,500,000	-	-	-	2,500,000	17/02/16	28/04/13	17/02/16
	2,500,000	-	-	-	2,500,000	17/02/16	28/04/13	17/02/16
John Percival	500,000	-	-	-	500,000	17/02/16	28/04/13	17/02/16
Kelly Ross	500,000	-	-	-	500,000	17/02/16	28/04/13	17/02/16
Donald Stephens	500,000	-	-	-	500,000	17/02/16	28/04/13	17/02/16
Justin Gum	500,000	-	-	-	500,000	08/05/16	09/05/11	08/05/16
Ian Warland	-	500,000	-	-	500,000	05/03/18	06/03/15	05/03/18

30-Jun-12	Balance at beginning of period	Granted as remuneration*	Options Exercised	Net change other	Balance at end of period	Vested at 30 June 2012		
						Expiry Date	First Exercise Date	Last Exercise Date
Graham Ascough	750,000	-	-	-	750,000	17/02/16	28/04/13	17/02/16
Robert Waugh	2,500,000	-	-	-	2,500,000	17/02/16	28/04/13	17/02/16
	2,500,000	-	-	-	2,500,000	17/02/16	28/04/13	17/02/16
John Percival	500,000	-	-	-	500,000	17/02/16	28/04/13	17/02/16
Kelly Ross	500,000	-	-	-	500,000	17/02/16	28/04/13	17/02/16
Donald Stephens	500,000	-	-	-	500,000	17/02/16	28/04/13	17/02/16
Justin Gum	500,000	-	-	-	500,000	08/05/16	09/05/11	08/05/16

(c). Shareholdings of Key Management Personnel

30 June 2013	Balance at 1 July 12	On Exercise of Options	Net Change Other	Balance 30 June 13
Directors				
Graham Ascough	200,000	-	-	200,000
Robert Waugh	80,000	-	-	80,000
John Percival	100,000	-	100,000	200,000
Kelly Ross	50,000	-	-	50,000
Donald Stephens	-	-	-	-
Justin Gum	40,000	-	-	40,000
Ian Warland	-	-	-	-

30 June 2012	Balance at 1 July 11	On Exercise of Options	Net Change Other	Balance 30 June 12
Directors				
Graham Ascough	200,000	-	-	200,000
Robert Waugh	80,000	-	-	80,000
John Percival	100,000	-	-	100,000
Kelly Ross	50,000	-	-	50,000
Donald Stephens	-	-	-	-
Justin Gum	40,000	-	-	40,000

Director related entities

During the year, Musgrave Minerals Ltd was invoiced by Mithril Resources Ltd ('Mithril') in relation to expenditure incurred by Mithril on Musgrave's behalf. These transactions were undertaken on an arm's length basis and in aggregate for the year ended 30 June 2013 totalled $54,802 excluding GST (2012: $51,810).

HLB Mann Judd (SA) Pty Ltd has received professional fees for accounting, taxation and secretarial services provided during the year amounting to $150,541 including GST (2012: $131,671). Donald Stephens, the Company Secretary, is a consultant with HLB Mann Judd (SA) Pty Ltd.

27. Subsequent events

The Directors are not aware of any significant events that have occurred since the end of the reporting period that should be disclosed.

Directors' Declaration

In accordance with a resolution of the Directors of Musgrave Minerals Ltd, the Directors of the Company declare that:

1. the consolidated financial statements and notes, as set out on pages 51 to 76, are in accordance with the Corporations Act 2001 and:
   a. comply with Australian Accounting Standards, which, as stated in accounting policy Note 1 to the financial statements, constitutes compliance with International Financial Reporting Standards (IFRS); and
   b. give a true and fair view of the financial position as at 30 June 2013 and of the performance for the year ended on that date of the consolidated Group;
2. in the Directors' opinion there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable; and
3. the Managing Director and Company Secretary have each declared that:
   a. the financial records of the company for the financial year have been properly maintained in accordance with section 286 of the Corporations Act 2001;
   b. the financial statements and notes for the financial year comply with Accounting Standards; and
   c. the financial statements and notes for the financial year give a true and fair view; and

This declaration is made in accordance with a resolution of the Board of Directors.

Mr Graham Ascough
Chairman

25 September 2013

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INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF MUSGRAVE MINERALS LIMITED

Report on the financial report

We have audited the accompanying financial report of Musgrave Minerals Limited (the "Company"), which comprises the consolidated statement of financial position as at 30 June 2013, 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 year then ended, notes comprising a summary of significant accounting policies and other explanatory information and the directors' declaration of the consolidated entity comprising the Company and the entities it controlled at the year's end or from time to time during the financial year.

Directors' responsibility for the financial report

The Directors of the Company are responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards and the Corporations Act 2001. The Directors' responsibility also includes such internal control as the Directors determine is necessary to enable the preparation of the financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error. The Directors also state, in the notes to the financial report, in accordance with Accounting Standard AASB 101 Presentation of Financial Statements, the financial statements comply with International Financial Reporting Standards.

Auditor's responsibility

Our responsibility is to express an opinion on the financial report based on our audit. We conducted our audit in accordance with Australian Auditing Standards. Those standards require us to comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance whether the financial report is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error.

In making those risk assessments, the auditor considers internal control relevant to the Company's preparation of the financial report that gives a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the Directors, as well as evaluating the overall presentation of the financial report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Independence

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

Auditor's opinion

In our opinion:

a the financial report of Musgrave Minerals Limited is in accordance with the Corporations Act 2001, including:

   i giving a true and fair view of the consolidated entity's financial position as at 30 June 2013 and of its performance for the year ended on that date; and

   ii complying with Australian Accounting Standards and the Corporations Regulations 2001; and

b the financial report also complies with International Financial Reporting Standards as disclosed in the notes to the financial statements.

Report on the remuneration report

We have audited the remuneration report included in the directors' report for the year ended 30 June 2013. The Directors of the Company are responsible for the preparation and presentation of the remuneration report in accordance with section 300A of the Corporations Act 2001. Our responsibility is to express an opinion on the remuneration report, based on our audit conducted in accordance with Australian Auditing Standards.

Auditor's opinion on the remuneration report

In our opinion, the remuneration report of Musgrave Minerals Limited for the year ended 30 June 2013, complies with section 300A of the Corporations Act 2001.

Grant Thornton

GRANT THORNTON AUDIT PTY LTD
Chartered Accountants

J L Humphrey
Director – Audit & Assurance

Adelaide, 25 September 2013

ASX Additional Information

Additional information required by the Australian Stock Exchange Limited and not shown elsewhere in this report is as follows. The information is current as at 25 September 2013.

Distribution of equity securities

	Number of shareholders	Unlisted Options
1 - 1,000	8	-
1,001 - 5,000	46	-
5,001 - 10,000	257	-
10,001 - 100,000	696	2
100,001 and over	163	14
	1,170	**16**

Ordinary share capital

- 121,000,000 fully paid ordinary shares are held by 1,170 individual shareholders.

All issued ordinary shares carry one vote per share and carry the rights to dividends.

Options

- 16,450,000 unlisted options are held by 16 option holders. One holder, Mr Robert Waugh and Mrs Sara Waugh <Waugh Family Trust A/C>, holds 5,000,000 unlisted options (equivalent to 30.40% of total unlisted options).

The number of shareholders, by size of holding, in each class are:

Substantial shareholders		
Ordinary shareholders	**Fully paid Number**	**%**
Mithril Resources Investments Pty Ltd	9,283,871	7.67%
Independence Group NL	9,027,000	7.46%
Goldsearch Ltd	8,673,000	7.17%
	Fully Paid Ordinary Shares	
Ordinary shareholders	**Number**	**%**
Mithril Resources Investments Pty Ltd	9,283,871	7.67%
Independence Group NL	9,027,000	7.46%
Goldsearch Ltd	8,673,000	7.17%
Barrick (Australia Pacific) Limited	6,000,000	4.96%
Integra Mining Limited	5,516,129	4.56%
Argonaut Resources NL	2,500,000	2.07%
Kimbriki Nominees Pty Ltd <Kimbriki Hamilton SF A/C>	2,000,000	1.65%
Mr William Douglas Goodfellow	1,540,000	1.27%
JP Morgan Nominees Australia Limited <Cash Income A/C>	1,429,662	1.18%
Octifil Pty Ltd	1,300,000	1.07%
King Town Holdings Pty Ltd <Employee Super Fund A/C>	1,100,000	0.91%
Allise Pty Ltd	1,000,000	0.83%
Forty Traders Limited	1,000,000	0.83%
Hipete Pty Limited	1,000,000	0.83%
Premar Capital Nominees Pty Ltd	1,000,000	0.83%
Kavalex Pty Limited	800,000	0.66%
Citicorp Nominees Pty Limited	731,764	0.60%
Forsyth Barr Custodians Ltd <Forsyth Barr Ltd-Nominee A/C>	696,900	0.58%
Mr Stephen Simunovic + Mr Dragan Simunovic <Simunovic Superfund A/C>	688,900	0.57%
Merrill Lynch (Australia) Nominees Pty Limited	657,604	0.54%
	55,944,830	**46.24%**

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