

Annual Report 2016



Musgrave Minerals is an Australia focused gold and base metal exploration company



Corporate Directory

Directors

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

Company Secretary

Patricia (Trish) Farr

Registered Office & Principal Place of Business

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Chartered Accountants
Level 1, 10 Kings Park Road
West Perth, WA 6005

Legal Advisors

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

Share Registry

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Securities Exchange Listing

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

ASX Code: MGV



Contents

Chairman's Letter	02
Review of Operations	03
Directors' Report	10
Auditor's Independence Declaration	21
Consolidated Statement of Profit or Loss and Other Comprehensive Income	22
Consolidated Statement of Financial Position	23
Consolidated Statement of Changes in Equity	24
Consolidated Statement of Cash Flows	25
Notes to the Consolidated Financial Statements	26
Directors' Declaration	47
Independent Auditor's Report	48
Additional Information	51
Tenement Schedule	53



Chairman's Letter

Dear Fellow Shareholders,

On behalf of the Board of Directors, it is my pleasure to present the 2016 Annual Report for Musgrave Minerals Limited ('Musgrave' or 'Company').

During the year under review the Company significantly strengthened its project portfolio entering a Farm-In and Joint Venture Agreement to earn up to an 80% interest in the Cue Project. Cue is located in the highly prospective Murchison Province of Western Australia, a well-endowed producing gold district and an emerging, under-explored base metal province. The Project is host to numerous advanced gold and copper prospects and is well positioned in regards to infrastructure and existing gold operations.

Our initial drilling programs at Cue have been very successful, identifying a new base metal discovery at the Mt Eelya copper-gold Prospect and extending high grade gold mineralisation at the Break of Day Prospect. Significant upside remains for further discoveries in both gold and copper at Cue where the Company will continue to advance targets through discovery and extensional drilling programs with the objective of identifying sufficient resources to underpin a profitable near-term development scenario. In this regard, the Company will continue its focus on Break of Day where drilling to date has confirmed a substantial, multi-vein, high grade gold system that remains untested at depth and along strike.

Despite the continuing challenging times in the resources sector and the unpredictable equity markets in Australia and overseas, Musgrave successfully completed a capital raising subsequent to the end of the year that attracted new investors to the Company. Concurrent with this raising, a Share Purchase Plan offered existing shareholders the

opportunity to acquire further shares in the Company on the same terms as the Placement. The funds will be used to accelerate our efforts at Cue in the year ahead. It was very pleasing to see strong participation in the SPP from existing shareholders and I take this opportunity, on behalf of the Board, to thank all of our shareholders for their ongoing support.

The Company's share price performance has improved significantly over the past twelve months and this is a reflection of the quality work and dedication of the Musgrave team and reflects on the solid exploration results they have delivered over the past twelve months. It is a trend that we intend to continue and I would like to thank the staff, management, contractors and my fellow directors for their ongoing efforts in this regard.

We are committed to progressing the Company by advancing targets towards development through high-quality exploration and technical studies for the benefit of all Musgrave shareholders.

Once again I wish to thank all shareholders for your continued support.



Graham Ascough
Chairman



Review of Operations

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

In November 2015, Musgrave entered into a Farm-In and Joint Venture Agreement with Silver Lake Resources Limited to earn up to an 80% interest in the Cue Project consisting of the Moyagee Gold and Hollandaire Copper Projects in the highly prospective Murchison Province of Western Australia (MGV ASX announcement 25 November 2015: “Musgrave Secures Advanced Gold and Copper Project”).

The Company’s focus in the year under review was on gold and base metal exploration at the new Cue Project. Our aim is to advance targets through discovery and extensional drilling to define sufficient resources to underpin a profitable near-term development scenario.

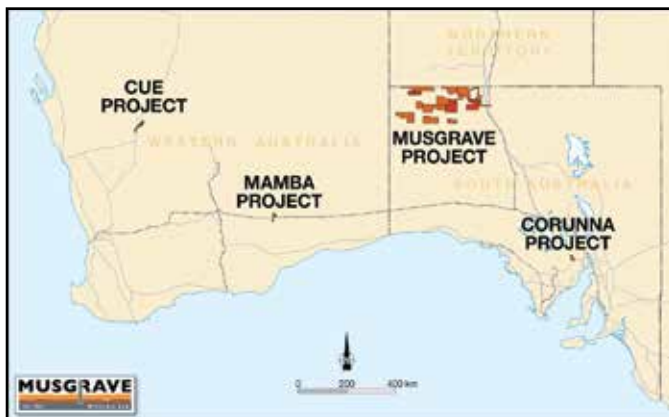


Figure 1: Musgrave Minerals’ project location map

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

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

Corporate

During the past year, the Company spent \$1.8 million on exploration activities and at June 30, 2016 had \$2.1M cash at bank.

Subsequent to the end of the year Musgrave raised \$750,000 through a Placement to sophisticated and professional investors and \$1.98M through a heavily oversubscribed Share Purchase Plan (“SPP”) with an additional \$500,000 Top-Up Placement. On completion the Company had approximately 180 million shares on issue and \$4.7M cash at bank.

During the year, Musgrave received \$513,162 from the Australian Tax Office under the Federal Government’s Research and Development Tax Incentive Scheme for its research and development activities during the 2015 financial year.

Musgrave continued its strong links with government and research organisations throughout 2016 in the regions in which it operates including the Geological Survey of South Australia, the Centre for Exploration Targeting at the University of Western Australia and the Commonwealth Scientific and Industrial Research Organisation (“CSIRO”).



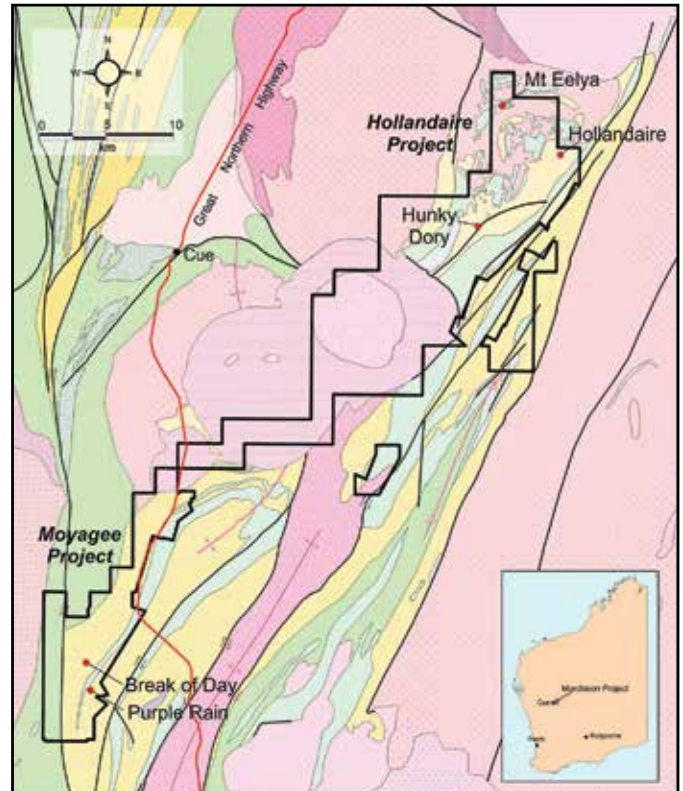


Figure 2: Cue prospect locations

The Company successfully secured an Exploration Incentive Scheme (“EIS”) co-funded drilling grant of \$150,000 for the Cue Project in 2016-17 to drill test new copper-gold targets.

Under the Federal Government’s Exploration Development Incentive (“EDI”) Scheme exploration credits have been distributed to eligible shareholders at 0.08 cents per share. The EDI is intended to encourage shareholder investment in exploration companies undertaking greenfields mineral exploration in Australia by allowing junior exploration companies to distribute a portion their tax losses from greenfields minerals expenditure in Australia to eligible shareholders as tax credits. Eligible shareholders must be Australian tax residents and be recorded on the Company’s share register at the record date, being 31 May 2016.



Exploration Activities

Significant results were achieved at the Cue Project during 2015-16 where exploration by the Company resulted in the discovery of high grade gold mineralisation at the Break of Day Prospect and copper-gold mineralisation at Mt Eelya. A considerable exploration program is planned for the coming year with the objective of expanding the high grade gold JORC resource at Break of Day and completing follow-up drilling on the Mt Eelya discovery along with the testing of other targets.

Exploration programs were also undertaken on the Mamba Project in Western Australia and the Corunna Project in South Australia where anomalous lead, zinc and silver was identified in shallow aircore drilling over a strike extent of 300m.

Cue Project

Musgrave Minerals Ltd earning up to 80%

During July 2016 Musgrave met its minimum expenditure commitments under the joint venture and has now moved to the Stage 1 Earn-In phase of the joint venture.

Musgrave has focused exploration on the Cue Project since its acquisition in late 2015 undertaking an airborne Versatile Time-Domain Electromagnetic (“VTEM”) survey, surface soil and rock chip sampling, down hole electromagnetic (“DHEM”) surveys and three drilling campaigns.

Reverse circulation (“RC”) drilling has identified high grade gold mineralisation at Break of Day including:

- 2m @ 25.2g/t Au
- 2m @ 22.0g/t Au
- 3m @ 24.3g/t Au
- 3m @ 36.8g/t Au

Massive copper-gold sulphide was intersected at the new Mt Eelya discovery:

- 8m @ 1.6% Cu, 0.6g/t Au, 4.5g/t Ag



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

Break of Day

The Break of Day Prospect (Figure 2) is part of the Moyagee Project area at Cue and hosts a combined JORC (2012) and JORC (2004) compliant Mineral Resource of 1.93Mt @ 2.0g/t Au for 126,900oz contained gold within four separate deposits; Lena, Leviticus, Numbers and Break of Day.

Break of Day has a JORC 2004 compliant Inferred Mineral Resource of 335,700t @ 1.91g/t Au for 20,600oz of contained gold (MGV ASX announcement 25 November 2015, “Musgrave Secures Advanced Gold and Copper Project”).



Drilling at Break of Day has identified twin, semi-parallel high grade vein gold mineralisation. Drill intersections include:

- 2m @ 25.2g/t Au (including 1m @ 46.7g/t Au) from 96m and 2m @ 22.0g/t Au from 135m down hole in MORC001 – Hanging-wall vein
- 6m @ 12.8g/t Au from 158m down hole including 3m @ 24.3g/t Au from 158m in 16MORC004 - Footwall vein
- 2m @ 10.8g/t Au from 66m down hole in 16MORC006 – Hanging-wall vein
- 2m @ 36.8g/t Au from 101m down hole in 16MORC006 – Footwall vein

- 1m @ 33.5g/t Au from 80m down hole in 16MORC007 – Hanging-wall vein
- 4m @ 12.3g/t Au from 189m down hole in 16MORC012 – Footwall vein

All assay details have been reported in ASX announcements: 13 April 2016, “High Grade Gold at Break of Day”, 6 June 2016, “More High Grade Gold at Break of Day”, 2 August 2016, “More High Grade Gold at Break of Day” and 11 August 2016, “Gold Mineralisation Extended at Break of Day”.

The drilling targeted the extension of high grade gold mineralisation and has extended the hanging-wall vein to a strike of 360 metres (Figure 3). Musgrave has discovered the new high grade footwall vein and the gold mineralisation in the footwall vein has been drilled over a strike of 100m and is open down dip and to the north (Figure 4).

Break of Day is on a granted mining lease and drilling is ongoing with the aim of delineating a high grade gold resource.

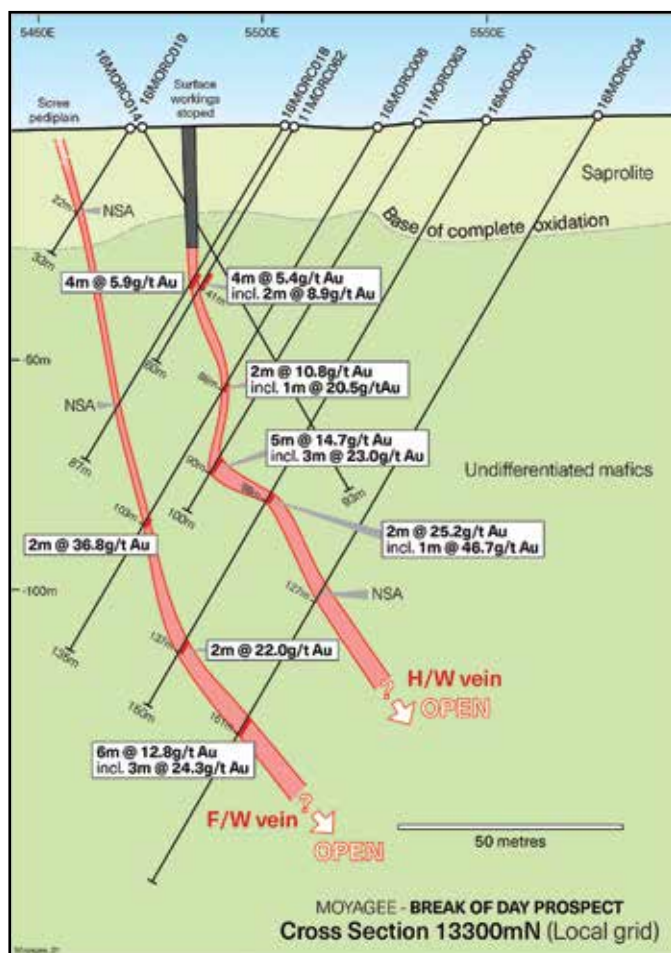


Figure 4: Cross section at Break of Day showing semi-parallel footwall and hanging-wall gold veins

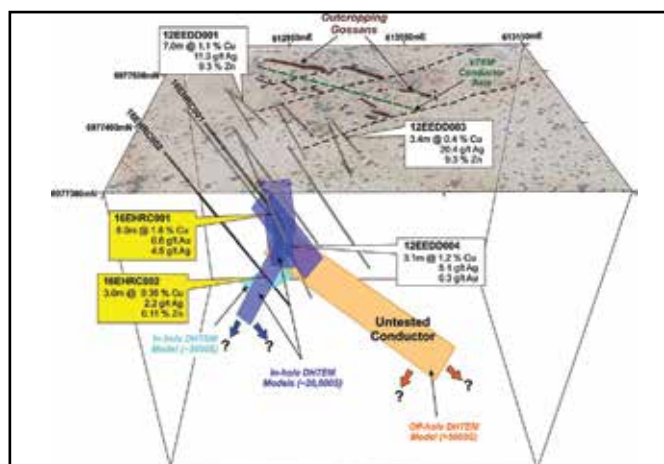


Figure 5: Three dimensional image of Mt Eelya drill hole location plan showing drill holes, significant intersections, outcropping gossans, VTEM conductors and DHEM model targets





Mt Eelya

At the Mt Eelya Prospect, 6km north-west of the Holladaire volcanic massive sulphide deposit, Musgrave drilled two RC holes and intersected massive copper sulphide mineralisation. Assay results include:

- 8m @ 1.6% Cu and 0.6g/t Au from 115m to 123m down hole (16EHRC001) including 1m @ 4.3% Cu and 1.6g/t Au from 115m with elevated silver and zinc (MGV ASX announcement 3 March 2016, "Copper-Gold Mineralisation Confirmed at Mt Eelya")

A strong off-hole late time conductor has been identified to the east of the drill hole suggesting a south easterly plunge to the mineralisation (Figure 5 and 6).

Gossanous float, the weathered product of sulphide mineralisation, can be traced at surface, intermittently over a strike of approximately 300m at Mt Eelya. The gossan forms two intermittent but sub-parallel zones. Interpretation of the VTEM survey data has identified three potential conductors aligned parallel with the gossans.

The conductors at Mt Eelya have a strong association with massive sulphide copper-gold mineralisation. To date the drilling has been focused on testing only one of these three potential zones of mineralisation. Ground Electromagnetic ("EM") is planned to better define these potential new conductive targets.

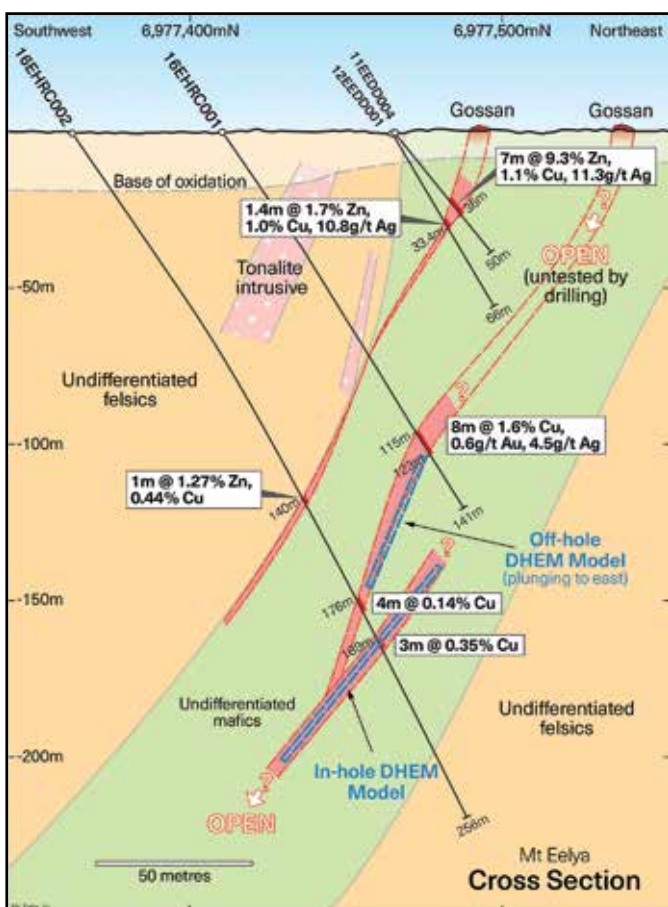


Figure 6: Mt Eelya cross section showing RC drill hole 16EHRC002



At Mt Eelya a regional soil geochemical survey using a portable x-ray fluorescence (“pXRF”) analyser has identified a zone of anomalous copper and zinc over a strike extent of more than 700m.

A ground EM survey to test for extensions to the massive copper-gold sulphide and zinc mineralisation is currently being planned with drilling to follow.

Hollandaire West

At Hollandaire West the Company confirmed the down plunge extension of copper-gold mineralisation intersecting:

- 5m @ 2.46% Cu, 0.3g/t Au and 10g/t Ag from 110 metres down hole

The intersection is approximately 45 metres down dip of historical drill hole 13HORC085 that intersected 9m @ 1.94% Cu and 0.2g/t Au. The mineralisation dips shallowly to the south (MGV ASX announcement 24 March 2016, “Further Strong Results from Initial Drilling at Cue”). The mineralisation can be traced over a strike length of more than 160m.

Lady Stardust

Two targets have been identified at Lady Stardust that require follow-up. The first is a 700m gold in soil geochemical anomaly that is situated on a prospective lithological contact and favourable structural position and has not been drill tested.

The second is a copper soil anomaly co-incident with the Lady Stardust VTEM target suggesting the source of the conductor may be related to base metal mineralisation. The VTEM target is modelled as a sub-vertical conductor with a strike extent of approximately 900m.

Aircore and RC drilling is planned to test both the gold and copper anomalies at Lady Stardust.

About the Cue Project

Musgrave Minerals Ltd entered into a Farm-In and Joint Venture Agreement with Silver Lake Resources Limited (“Silver Lake”) (ASX: SLR) to earn up to an 80% interest in the Cue Project (previously part of SLR’s Murchison Operation) consisting of the Moyagee Gold and Hollandaire Copper Projects (“Project”) in the highly prospective Murchison Province of Western Australia (Figure 2).

The Project hosts the Moyagee and Hollandaire Mineral Resources and Reserves (MGV ASX announcement 25 November 2015, “Musgrave Secures Advanced Gold and Copper Project”):

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

*Note: Gold and Copper Resources and Reserves are estimated by Silver Lake and reported in SLR ASX Announcement 28 August 2015; “Mineral Resources and Reserves Update”.

Fraser Range

Mamba Project

E28/2405 (100% Musgrave Minerals Ltd)

The Mamba tenement covers 180km² in the same belt as the world class Nova-Bollinger nickel-copper sulphide discoveries of Sirius Resources NL (now Independence Group NL) in south-eastern Western Australia. The tenement is along strike from the Nova deposit and only 5km from the Trans Australian rail line. The project is on a significant regional gravity high, which is interpreted to represent a large accumulation of mafic rocks prospective for massive nickel-copper sulphide mineralisation. Musgrave has



undertaken two drilling programs at Mamba and identified mafic host lithologies prospective for nickel-copper sulphide mineralisation.

The Company is seeking a joint venture partner to progress nickel-copper exploration on the project.

Southern Gawler Range

Corunna Project

EL5497 (100% Musgrave Minerals Ltd)

The Corunna Project is in the emerging epithermal porphyry province of the Southern Gawler Craton, South Australia which hosts the Menninnie Dam Zn-Pb-Ag deposit and the 20Moz Paris epithermal silver deposit. The Corunna Project is located approximately 50km west of Port Augusta and is well positioned in regards to infrastructure and proximity to the coast.

The recent aircore drilling program at Corunna intersected anomalous silver, lead, zinc and copper over a strike extent of more than 300m (Figure 7) and is open to both the north and south (MGV ASX announcement 27 August 2015, "MGV Exploration Update – Corunna").

Aircore drilling tested six surface geochemical targets with best results being returned from Area 1 including:

- 11m @ 1.0% Pb, 0.5% Zn and 4.2g/t Ag from 19m in drill hole COAC017;
- 6m @ 1.0% Pb, 0.2% Zn and 8.2g/t Ag from 14m in drill hole COAC018;
- 13m @ 0.6% Pb, 0.4% Zn and 7.2g/t Ag from 32m in drill hole COAC019; and
- 22m @ 0.5% Pb, 0.2% Zn and 13.2g/t Ag from 17m in drill hole COAC021.

Area 1 is located at a potentially significant intersection of two major structures. Follow-up drilling is recommended.

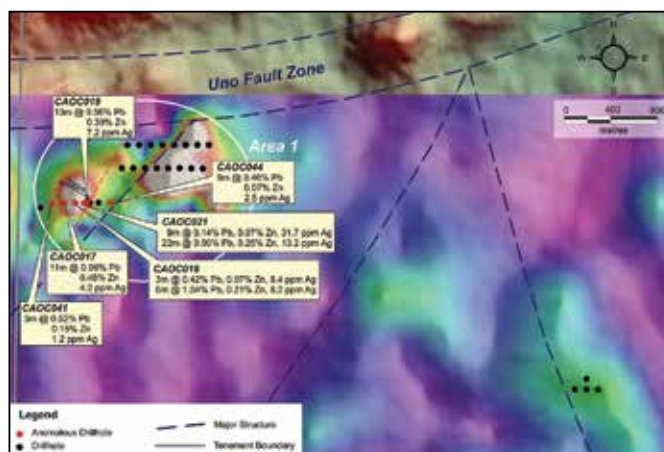


Figure 7: Aircore drill results for Area 1 target on gridded silver soil geochemical image

Other Projects

Musgrave currently holds tenements in the Musgrave region of South Australia. No field activity was completed on these projects during the period.

As part of a strategic review Musgrave (with its wholly owned subsidiary Musgrave Exploration Pty Ltd) agreed with Menninnie Metals Pty Ltd ("MMPL"), a wholly owned subsidiary of Terramin Australia Ltd (ASX: TZN), to terminate the Menninnie Dam Mining Farm-In and Joint Venture Agreement (MGV ASX announcement 21 July 2015, "Termination of Menninnie Dam JV"). As part of the termination, MMPL agrees to pay Musgrave an amount equal to 1% of net smelter returns ("NSR") in respect of all minerals produced from each of EL5039 (Menninnie Dam) and EL4813 (Nonning).

Musgrave withdrew from the Musgrave Block Farm-In and Joint Venture agreement with Pitjantjatjara Mining Company Pty Limited and Zeil No.1 Pty Limited (ASX announcement 7 October 2015, "Withdrawal from PMC-Zeil JV").



Directors' Report

Your Directors present their report on the consolidated entity consisting of Musgrave Minerals Limited ("the Company") and its subsidiary ("the Group" or "the Consolidated Entity") at the end of the year ended 30 June 2016.

Directors

The following persons were Directors of the Company during the whole of the financial year and up to the date of this report unless noted otherwise:

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

Principal activities

During the year the principal continuing activities of the Group consisted of:

- a) exploration of mineral tenements both on a joint venture basis and by the Group in its own right;
- b) to continue to seek extensions of areas held and to seek out new areas with mineral potential; and
- c) to evaluate results achieved through surface sampling, geophysical surveys and drilling activities carried out during the year.

Financial results

The consolidated loss of the Group after providing for income tax for the year ended 30 June 2016 was \$6,105,944 (2015: \$7,829,674).

Dividends

No dividends have been paid or declared since the start of the financial year. No recommendation for the payment of a dividend has been made by the Directors.

Operations and financial review

Information on the operations of the Group and its prospects is set out in the "Review of Operations" section of this Annual Report.

Exploration and evaluation costs totalling \$6,191,926 (2015: \$7,649,239) were impaired during the year and recognised as an expense in accordance with the Group's accounting policy. The exploration and evaluation costs impaired primarily comprise previously capitalised costs in relation to some Musgrave Project tenements in South Australia.

As at 30 June 2016 the Group had net assets of \$7,891,589 (2015: \$13,907,735) including cash and cash equivalents of \$2,075,224 (2015: \$3,737,403).

Significant changes in the state of affairs

Significant changes in the state of affairs of the Group during the financial year were as follows:

During the year the Company entered into a Farm-In and Joint Venture Agreement ("Agreement") with Silver Lake Resources Limited ("Silver Lake") (ASX: SLR) to earn up to an 80% interest in the Cue Project (previously part of Silver Lake's Murchison Operation) consisting of the Moyagee



Gold and Hollandaire Copper Projects (“Projects”) in the highly prospective Murchison Province of Western Australia. Contributed equity increased by \$75,000 (from \$27,500,000 to \$27,575,000) as a result of shares issued to Silver Lake as part of the Agreement. Details of the changes in equity are disclosed in note 14 to the financial statements.

There were no other significant changes in the state of affairs of the Group during the financial year.

Events since the end of the financial year

On 4 July 2016, the Company announced that it had completed a placement to institutional and sophisticated investors of 12,711,864 shares at an issue price of 5.9 cents per share to raise \$750,000. The issue price was at a 15.7% discount to the volume weighted average price of the Company’s shares traded on ASX for the last five trading days to 29 June 2016. The Company also announced a fully underwritten Share Purchase Plan (“SPP”).

The SPP closed oversubscribed on 5 August 2016. The SPP was strongly supported by Shareholders and was heavily oversubscribed with the Company receiving applications totalling \$1,984,000. In light of the strong demand from shareholders, the Board of Directors elected to increase the original SPP target which had been set at \$1,250,000 and accepted all valid applications from eligible shareholders. A total of 33,627,084 new shares were issued under the SPP at a price of 5.9 cents per share.

On 16 August 2016, the Company completed a placement to raise \$500,000 via the issue of 8,474,576 shares to sophisticated and professional investors at an issue price of 5.9 cents per share.

There has not arisen in the interval between the end of the financial year and the date of this report any other item, transaction or event of a material and unusual nature likely, in the opinion of the Directors, to affect significantly the

operations, the results of those operations, or the state of affairs of the Group in future financial years.

Likely developments and expected results of operations

The Directors are not aware of any developments that might have a significant effect on the operations of the Group in subsequent financial years not already disclosed in this report.

Environmental regulation

The Group is subject to significant environmental regulation in respect of its exploration activities. Tenements in Western Australia and South Australia are granted subject to adherence to environmental conditions with strict controls on clearing, including a prohibition on the use of mechanised equipment or development without the approval of the relevant government agencies, and with rehabilitation required on completion of exploration activities. These regulations are controlled by the Department of Mines and Petroleum (Western Australia) and the Department of State Development (South Australia).

Musgrave Minerals Limited conducts its exploration activities in an environmentally sensitive manner and the Group is not aware of any breach of statutory conditions or obligations.

Greenhouse gas and energy data reporting requirements

The Directors have considered compliance with both the Energy Efficiency Opportunity Act 2006 and the National Greenhouse and Energy Reporting Act 2007 which requires entities to report annual greenhouse gas emissions and energy use. The Directors have assessed that there are no current reporting requirements for the year ended 30 June 2016, however reporting requirements may change in the future.



Information on Directors

Mr Graham Ascough BSc, PGeo, MAusIMM. (Non-Executive Chairman), Director since 26 May 2010

Experience and expertise	<p>Graham Ascough is a senior resources executive with more than 25 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.</p> <p>Mr Ascough is a geophysicist by training and was the Managing Director of ASX listed Mithril Resources Ltd 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 Ltd (acquired by Xstrata Plc in 2006).</p> <p>He is a Member of the Australian Institute of Mining and Metallurgy, and is a Professional Geoscientist of Ontario, Canada.</p>	
Other current directorships	<p>Mithril Resources Ltd (Appointed 9 October 2006) PNX Metals Ltd (Appointed 10 December 2012) Avalon Minerals Ltd (Appointed 29 November 2013)</p>	
Former directorships in last 3 years	<p>Reproductive Health Science Ltd (Retired 2 April 2014) Agua Resources Ltd (Resigned 15 November 2013)</p>	
Special responsibilities	<p>Chair of the Board Member of the Audit Committee</p>	
Interests in shares and options	Ordinary Shares – Musgrave Minerals Limited	849,237
	Unlisted Options – Musgrave Minerals Limited	Nil

Mr Robert Waugh MSc, BSc, FAusIMM, MAIG. (Managing Director), Director since 6 March 2011

Experience and expertise	<p>Robert Waugh has over 25 years of experience in the resources sector and was a critical member of the WMC Resources Ltd exploration team that discovered the Nebo-Babel nickel/copper/PGM deposit at West Musgrave in 2000.</p> <p>He was subsequently Project Manager of the team that defined the initial resource at Nebo-Babel.</p> <p>Mr Waugh has held senior exploration management roles in a number of companies including WMC Resources (WMC) and BHP Billiton Exploration Ltd (BHP). Mr Waugh has extensive exploration and mining experience in a range of commodities including nickel, copper, gold, uranium and PGMs.</p> <p>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.</p>	
Other current directorships	None	



Former directorships in last 3 years	None	
Special responsibilities	Managing Director	
Interests in shares and options	Ordinary Shares – Musgrave Minerals Limited	815,237
	Unlisted Options – Musgrave Minerals Limited	Nil

Mrs Kelly Ross BBus, CPA, AGIA. (Non-Executive Director), Director since 26 May 2010

Experience and expertise	<p>Kelly Ross is a qualified accountant holding a Bachelor of Business (Accounting) and has the designation CPA from the Australian Society of Certified Practising 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 from 2001 to 2011. Mrs Ross was also a senior accountant at Resolute Ltd from 1987 to 2000. Mrs Ross was a Director of ASX listed Independence Group NL for 12 years from 2002 to 2014. Mrs Ross retired from the Company on 24 December 2014.</p>	
Other current directorships	None	
Former directorships in last 3 years	Independence Group NL (Retired 24 December 2014)	
Special responsibilities	Chair of the Audit Committee	
Interests in shares and options	Ordinary Shares – Musgrave Minerals Limited	100,847
	Unlisted Options – Musgrave Minerals Limited	Nil

Mr John Percival (Non-Executive Director), Director since 26 May 2010

Experience and expertise	<p>Mr Percival has been involved in investment and merchant banking for over 25 years including 15 years as Investment Manager of Barclays Bank New Zealand Ltd. In addition he has extensive experience in stockbroking, corporate finance and investment management. In 1995 Mr Percival was appointed to the Board of Goldsearch Limited and in 2000 he became an Executive Director, however in May 2014 Goldsearch changed direction and Mr Percival resumed his non-executive position.</p>	
Other current directorships	Goldsearch Ltd (Appointed 11 October 1995)	
Former directorships in last 3 years	None	
Special responsibilities	Member of the Audit Committee	
Interests in shares and options	Ordinary Shares – Musgrave Minerals Limited	554,237
	Unlisted Options – Musgrave Minerals Limited	Nil

Company Secretary

Mrs Patricia (Trish) Farr, GradCertProfAcc, GradDipACG, AGIA, ACIS, GAICD. – appointed 30 June 2015

Trish Farr is an experienced Chartered Secretary with over 17 years' experience in the exploration and mining industry in the areas of corporate governance, compliance and administration. Mrs Farr was previously the Company Secretary of uranium junior Energy Metals Limited from its listing in 2005 to 2010 and Fox Resources Ltd from 2013 to 2014. Mrs Farr is also a Director and the Company Secretary of Jindalee Resources Limited. Mrs Farr is an associate member of Chartered Secretaries & Administrators and the Governance Institute of Australia (formerly Chartered Secretaries Australia) and a graduate member of the Australian Institute of Company Directors.

Meetings of Directors

The number of meetings of the Company's Board of Directors and of each Board Committee held during the year ended 30 June 2016, and the numbers of meetings attended by each Director were:

	Board of Directors		Audit Committee	
	A	B	A	B
Graham Ascough	10	10	4	4
Robert Waugh (1)	10	10	1	1
Kelly Ross	10	10	4	4
John Percival	10	10	4	4

(1) Mr Waugh resigned from the Audit Committee on 30 July 2015.

A = Number of meetings attended

B = Number of meetings held during the time the Director held office or was a member of the committee during the year

Retirement, election and continuation in office of Directors

Mr Graham Ascough, being the Director retiring by rotation who, being eligible, will offer himself for re-election at the 2016 Annual General Meeting.

Remuneration Report (Audited)

The Directors present the Musgrave Minerals Limited 2016 Remuneration Report, outlining key aspects of our remuneration policy and framework, and remuneration awarded this year.

The report contains the following sections:

- (a) Key management personnel ("KMP") covered in this report
 - (b) Remuneration governance and the use of remuneration consultants
 - (c) Executive remuneration policy and framework
 - (d) Relationship between remuneration and the Group's performance
 - (e) Non-executive director remuneration policy
 - (f) Voting and comments made at the Company's 2015 Annual General Meeting
 - (g) Details of remuneration
 - (h) Service agreements
 - (i) Details of share-based compensation and bonuses
 - (j) Equity instruments held by key management personnel
 - (k) Loans to key management personnel
 - (l) Other transactions with key management personnel
- (a) Key management personnel covered in this report

Non-Executive and Executive Directors (see pages 12 to 13) for details about each director)

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



Other key management personnel

Name	Position
Patricia (Trish) Farr	Company Secretary

(b) Remuneration governance and the use of remuneration consultants

The Company does not have a Remuneration Committee. Remuneration matters are handled by the full Board of the Company. In this respect the Board is responsible for:

- the over-arching executive remuneration framework;
- the operation of the incentive plans which apply to executive directors and senior executives (the executive team), including key performance indicators and performance hurdles;
- remuneration levels of executives; and
- non-executive director fees.

The objective of the Board is to ensure that remuneration policies and structures are fair and competitive and aligned with the long-term interests of the Company.

In addition, all matters of remuneration are handled in accordance with the Corporations Act requirements, especially with regard to related party transactions. That is, none of the Directors participate in any deliberations regarding their own remuneration or related issues.

Independent external advice is sought from remuneration consultants when required, however no advice has been sought during the period ended 30 June 2016.

(c) Executive remuneration policy and framework

In determining executive remuneration, the Board aims to ensure that remuneration practices are:

- competitive and reasonable, enabling the Company to attract and retain key talent;

- aligned to the Company's strategic and business objectives and the creation of shareholder value;
- transparent and easily understood; and
- acceptable to shareholders.

All executives receive consulting fees or a salary, part of which may be taken as superannuation, and from time to time, options. The Board reviews executive packages annually by reference to the executive's performance and comparable information from industry sectors and other listed companies in similar industries.

All remuneration paid to specified executives is valued at the cost to the Group and expensed. Options are valued using a Black-Scholes option pricing model.

(d) Relationship between remuneration and the group's performance

Emoluments of Directors are set by reference to payments made by other companies of similar size and industry, and by reference to the skills and experience of Directors. Fees paid to Directors are not linked to the performance of the Group. This policy may change once the exploration phase is complete and the Group is generating revenue. At present the existing remuneration policy is not impacted by the Group's performance including earnings and changes in shareholder wealth (e.g. changes in share price).

The Board has not set short term performance indicators, such as movements in the Company's share price, for the determination of Director emoluments as the Board believes this may encourage performance which is not in the long term interests of the Company and its shareholders. The Board has structured its remuneration arrangements in such a way it believes is in the best interests of building shareholder wealth in the longer term. The Board believes participation in the Company's Employee Share Option Plan aligns key management and executives with the long term interests of shareholders.



(e) Non-executive director remuneration policy

On appointment to the Board, all Non-Executive Directors enter into a service agreement with the Company in the form of a letter of appointment. The letter summarises the Board policies and terms, including remuneration relevant to the office of Director.

The Board policy is to remunerate Non-Executive Directors at commercial market rates for comparable companies for their time, commitment and responsibilities. Non-Executive Directors receive a Board fee but do not receive fees for chairing or participating on Board committees. Board members are allocated superannuation guarantee contributions as required by law, and do not receive any other retirement benefits. From time to time, some individuals may choose to sacrifice their salary or consulting fees to increase payments towards superannuation.

The maximum annual aggregate Non-Executive Directors' fee pool limit is \$250,000 as disclosed in the Company's Replacement Prospectus dated 8 March 2011.

Fees for Non-Executive Directors are not linked to the performance of the Group. Non-Executive Directors' remuneration may also include an incentive portion consisting of options, subject to approval by shareholders.

(f) Voting and comments made at the Company's 2015 Annual General Meeting

Musgrave Minerals Limited received more than 94% of "yes" votes on its remuneration report for the 2015 financial year. The Company did not receive any specific feedback at the AGM on its remuneration practices.

(g) Details of remuneration

The following tables show details of the remuneration received by the Group's key management personnel for the current and previous financial year.

2016	Short-term benefits		Post-employment benefits	Share-based payments		Options %
Name	Salary and fees \$	Non-Monetary Benefit \$	Super-annuation \$	Options \$	Total \$	Options %
Directors						
G Ascough	65,000	-	-	-	65,000	-
R Waugh	264,999	-	25,175	-	290,174	-
K Ross	45,000	-	4,275	-	49,275	-
J Percival	45,000	-	4,275	-	49,275	-
Executives						
P Farr	35,250	-	-	-	35,250	-
I Warland (1)	48,145	-	4,574	-	52,719	-
Totals	503,394	-	38,299	-	541,693	

(1) Ceased employment 7 August 2015



2015	Short-term benefits		Post-employment benefits	Share-based payments		Options %
Name	Salary and fees \$	Non-Monetary Benefit \$	Super-annuation \$	Options \$	Total \$	Options %
Directors						
G Ascough	65,000	-	-	-	65,000	-
R Waugh	256,985	-	24,414	-	281,399	-
K Ross	45,000	-	4,275	-	49,275	-
J Percival	49,388	-	-	-	49,388	-
Executives						
J Gum (1)	148,160	-	14,042	-	162,202	-
I Warland	194,697	-	18,496	-	213,193	-
D Stephens (2)	39,525	-	-	-	39,525	-
Totals	798,755	-	61,227	-	859,982	

(1) Ceased employment 11 March 2015

(2) Retired 30 June 2015. Replaced by P Farr on 30 June 2015.

(h) Service agreements

On appointment to the Board, all Non-Executive Directors enter into a service agreement with the Company in the form of a letter of appointment. The letter summarises the Board policies and terms of appointment, including compensation relevant to the office of Director. Remuneration and other terms of employment for other members of key management personnel are formalised in service agreements as summarised below.

R Waugh, Managing Director

Mr Waugh is remunerated pursuant to a formalised employment contract. Under this contract, the Company agrees to employ Mr Waugh as Managing Director of the Company with his current gross annual salary, inclusive of 9.5% superannuation guarantee, being \$290,174. 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.

P Farr, Company Secretary

Mrs Farr is remunerated pursuant to the terms of a consultancy agreement to fulfil the duties of the Company Secretary. Fees paid during the year totalled \$35,250 and were charged at usual commercial rates on a daily basis. The agreement may be terminated by either party on three months' written notice.

(i) Details of share-based compensation and bonuses *Options*

Options over ordinary shares in the Company are granted under the Employee Share Option Plan ("ESOP"). Participation in the ESOP and any vesting criteria are at the Board's discretion and no individual has a contractual right

to participate in the scheme or to receive any guaranteed benefits. Any options issued to Directors of the Company are subject to shareholder approval.

No options were provided as remuneration to senior management during the current year. There are no outstanding options in the Company previously provided as remuneration to senior management at the date of this report. Refer to the table below.

The fair value of options at grant date are independently determined using a Black-Scholes option pricing model that takes into account the exercise price, the term of the option, the impact of dilution, the share price at grant date and

expected price volatility of the underlying share, the expected dividend yield and the risk-free interest rate for the term of the option.

Further information on the fair value of share options and assumptions is set out in note 23 to the financial statements.

(j) Equity instruments held by key management personnel

The following tables detail the number of fully paid ordinary shares and options over ordinary shares in the Company that were held during the financial year and the previous financial year by key management personnel of the Group, including their close family members and entities related to them.

Options

2016	Opening Balance 1 July	Granted as remuneration	Options exercised	Net change other	Balance at 30 June	Vested but not exercisable	Vested and exercisable	Vested during the year
Directors								
G Ascough	750,000	-	-	(750,000)	-	-	-	-
R Waugh	5,000,000	-	-	(5,000,000)	-	-	-	-
K Ross	500,000	-	-	(500,000)	-	-	-	-
J Percival	500,000	-	-	(500,000)	-	-	-	-
Executives								
I Warland	700,000	-	-	(700,000)	-	-	-	-
	7,450,000	-	-	(7,450,000)	-	-	-	-
2015								
Directors								
G Ascough	750,000	-	-	-	750,000	-	750,000	-
R Waugh	5,000,000	-	-	-	5,000,000	-	5,000,000	-
K Ross	500,000	-	-	-	500,000	-	500,000	-
J Percival	500,000	-	-	-	500,000	-	500,000	-
Executives								
J Gum	600,000	-	-	(600,000)	-	-	-	-
I Warland	700,000	-	-	-	700,000	-	700,000	-
D Stephens	500,000	-	-	-	500,000	-	500,000	-
	8,550,000	-	-	(600,000)	7,950,000	-	7,950,000	-



During the year, no ordinary shares in the Company were provided as a result of the exercise of remuneration options. Subsequent to year end 200,000 options, previously issued to employees under the Company ESOP, were exercised and 200,000 new shares issued.

2016	Opening Balance 1 July	Granted as remuneration	Options exercised	Net change other	Balance at 30 June
Directors					
G Ascough	595,000	-	-	-	595,000
R Waugh	361,000	-	-	200,000	561,000
K Ross	50,000	-	-	-	50,000
J Percival	200,000	-	-	-	200,000
	1,206,000	-	-	200,000	1,406,000
2015					
Directors					
G Ascough	200,000	-	-	395,000	595,000
R Waugh	80,000	-	-	281,000	361,000
K Ross	50,000	-	-	-	50,000
J Percival	200,000	-	-	-	200,000
Executives					
J Gum	80,000	-	-	-	80,000
	610,000	-	-	676,000	1,286,000

Subsequent to year end the Directors shareholdings have changed as Directors participated in the Share Purchase Plan and Mr Percival's spouse made an on-market purchase of the Company's shares. See pages 12 to 13 for details of each Director's current shareholdings.

(k) Loans to key management personnel

There were no loans to individuals or members of key management personal during the financial year or the previous financial year.

(l) Other transactions with key management personnel

There were no other transactions with key management personnel during the financial year or the previous financial year.

End of Remuneration Report (Audited)

Shares under option

Unissued ordinary shares of the Company under option at the date of this report are as follows:

Date options granted	Expiry Date	Issue price of shares	Number under option
24 January 2012 and 16 September 2015	23 January 2017	\$0.25	375,000
6 March 2013	5 March 2018	\$0.25	500,000
16 September 2015	23 March 2018	\$0.25	75,000
11 March 2014 and 16 September 2015	10 March 2019	\$0.12	550,000
22 April 2016	22 April 2021	\$0.045	700,000
			2,200,000

No option holder has any right under the options to participate in any other share issue of the Company or any other entity. Subsequent to year end 200,000 options, previously issued to employees under the Company ESOP, were exercised and 200,000 new shares issued.

Shares issued on the exercise of options

There were no other shares issued on the exercise of options during the year and up to the date of this report.

Corporate Governance Statement

The Company's 2016 Corporate Governance Statement has been released as a separate document and is located on the Company's website at <http://www.musgraveminerals.com.au/operatingstandards.php>

Proceedings on Behalf of the Group

No person has applied to the Court under section 237 of the Corporations Act 2001 for leave to bring proceedings on behalf of the Company, or to 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 part of those proceedings.

Indemnification and Insurance of Directors and Officers

During the financial year, the Company paid a premium to insure the Directors and Officers of the consolidated entity against any liability incurred as a Director or Officer to the extent permitted by the Corporations Act 2001. The contract of insurance prohibits the disclosure of the nature of the liabilities covered or the amount of the premium paid.

The Group has not entered into any agreement with its current auditors indemnifying them against claims by a third party arising from their position as auditor.

Non-Audit Services

The Company may decide to employ the auditor on assignments additional to their statutory audit duties where the auditor's expertise and experience with the Company and/or the Group are important.

Details of the amounts paid or payable to the auditor (Grant Thornton Audit Pty Ltd) for audit and non-audit services provided during the year are set out in note 18. During the year ended 30 June 2016 no fees were paid or were payable for non-audit services provided by the auditor of the consolidated entity (2015: \$Nil).

Auditor's Independence Declaration

The copy of the Auditor's Independence Declaration as required under section 307C of the Corporations Act 2001 is set out on the following page.

Signed in accordance with a resolution of the Directors.



G Ascough
Chairman

Perth, 22 September 2016

Auditor's Independence Declaration to the Directors of Musgrave Minerals Limited



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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 2016, I declare that, to the best of my knowledge and belief, there have been:

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

A handwritten signature in black ink that reads "Grant Thornton".

GRANT THORNTON AUDIT PTY LTD
Chartered Accountants

A handwritten signature in black ink that reads "C A Becker".

C A Becker
Partner - Audit & Assurance

Perth, 22 September 2016

Grant Thornton Audit Pty Ltd ACN 130 913 594
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Consolidated Statement of Profit or Loss and Other Comprehensive Income

For the year ended 30 June 2016

	Notes	Consolidated	
		2016 \$	2015 \$
Revenue from operating activities	3 (a)	76,492	177,436
Employee benefits expense	3 (b)	(277,958)	(360,119)
Depreciation expense		(22,954)	(34,036)
Finance expense	3(c)	-	(96)
Impairment expense	9	(6,191,926)	(7,649,239)
Funds misappropriated	3(d)	100,000	(337,282)
Other expenses	3(e)	(302,760)	(521,913)
Loss from continuing operations before income tax		(6,619,106)	(8,725,249)
Income tax benefit	5	513,162	895,575
Loss after income tax for the period attributable to the owners of Musgrave Minerals Limited		(6,105,944)	(7,829,674)
Other comprehensive income		-	-
Other comprehensive income for the period, net of tax		-	-
Total comprehensive loss for the period attributable to the owners of Musgrave Minerals Limited		(6,105,944)	(7,829,674)
		Cents per share	Cents per share
Loss per share attributable to the owners of Musgrave Minerals Limited			
- basic loss per share	17	4.95	6.47
- diluted loss per share	17	4.95	6.47

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



Consolidated Statement of Financial Position

As at 30 June 2016

	Notes	Consolidated	
		2016 \$	2015 \$
ASSETS			
Current Assets			
Cash and cash equivalents	6	2,075,224	3,737,403
Trade and other receivables	7	43,512	47,158
Other current assets	8	12,588	29,520
Total Current Assets		2,131,324	3,814,081
Non-Current Assets			
Exploration and evaluation	9	6,020,245	10,391,152
Property, plant and equipment	10	63,440	96,188
Total Non-Current Assets		6,083,685	10,487,340
TOTAL ASSETS		8,215,009	14,301,421
LIABILITIES			
Current Liabilities			
Trade and other payables	12	243,536	297,064
Short-term provisions	13	47,525	77,237
Total Current Liabilities		291,061	374,301
Non-Current Liabilities			
Long-term provisions	13	32,359	19,385
Total Non-Current Liabilities		32,359	19,385
TOTAL LIABILITIES		323,420	393,686
NET ASSETS		7,891,589	13,907,735
EQUITY			
Contributed equity	14	26,793,899	26,718,899
Reserves	15	64,503	2,858,705
Accumulated losses	16	(18,966,813)	(15,669,869)
TOTAL EQUITY		7,891,589	13,907,735

This Consolidated Statement of Financial Position should be read in conjunction with the accompanying notes



Consolidated Statement of Changes in Equity

For the year ended 30 June 2016

	Attributable to equity holders of the entity			
	Issued Capital \$	Option Reserves \$	Accumulated Losses \$	Total Equity \$
At 1 July 2014	26,718,899	2,973,818	(7,955,308)	21,737,409
Total comprehensive loss for the period	-	-	(7,829,674)	(7,829,674)
Other comprehensive income	-	-	-	-
Total comprehensive loss for the period net of tax	-	-	(7,829,674)	(7,829,674)
Transactions with owners in their capacity as owners				
Transfer from share option reserve due to lapse of options under Employee Share Option Plan	-	(115,113)	115,113	-
At 30 June 2015	26,718,899	2,858,705	(15,669,869)	13,907,735
At 1 July 2015	26,718,899	2,858,705	(15,669,869)	13,907,735
Total comprehensive loss for the period	-	-	(6,105,944)	(6,105,944)
Other comprehensive income	-	-	-	-
Total comprehensive loss for the period net of tax	-	-	(6,105,944)	(6,105,944)
Transactions with owners in their capacity as owners				
Issue of shares to Silver Lake Resources Limited	75,000	-	-	75,000
Issue of options to employees under the Employee Share Option Plan	-	14,798	-	14,798
Transfer from share option reserve due to lapse of options under Employee Share Option Plan	-	(2,809,000)	2,809,000	-
At 30 June 2016	26,793,899	64,503	(18,966,813)	7,891,589

This Consolidated Statement of Changes in Equity should be read in conjunction with the accompanying notes



Consolidated Statement of Cash Flows

For the year ended 30 June 2016

	Notes	Consolidated	
		2016 \$	2015 \$
Cash flows from operating activities			
Payments to suppliers and employees		(693,811)	(926,233)
Misappropriated funds		100,000	(337,282)
Interest received		82,483	153,920
Finance costs		-	(96)
Research and development tax rebate received		513,162	895,575
Net cash flows from/(used in) operating activities	24	1,834	(214,116)
Cash flows from investing activities			
Payments for property, plant & equipment		(2,468)	-
Proceeds from sale of property, plant & equipment		7,000	-
Payments for exploration activities		(1,668,545)	(2,187,940)
Net cash flows from/(used in) investing activities		(1,664,013)	(2,187,940)
Net increase / (decrease) in cash and cash equivalents		(1,662,179)	(2,402,056)
Cash and cash equivalents at beginning of period		3,737,403	6,139,459
Cash and cash equivalents at end of period		2,075,224	3,737,403

This Consolidated Statement of Cash Flows should be read in conjunction with the accompanying notes



Notes to the Consolidated Financial Statements

For the year ended 30 June 2016

1. Corporate Information

The consolidated financial report of Musgrave Minerals Limited for the year ended 30 June 2016 was authorised for issue in accordance with a resolution of the Directors on 22 September 2016.

Musgrave Minerals Limited is a for profit company incorporated in Australia and limited by shares which are publicly traded on the Australian Securities Exchange. The nature of the operation and principal activities of the consolidated entity are described in the attached Directors' Report.

The principal accounting policies adopted in the preparation of these consolidated financial statements are set out below and have been applied consistently to all periods presented in the consolidated financial statements and by all entities in the consolidated entity.

2. Statement of Compliance

These general purpose financial statements have been prepared in accordance with Australian Accounting Standards, other authoritative pronouncements of the Australian Accounting Standards Board and the Corporations Act 2001.

Compliance with IFRS

The consolidated financial statements of Musgrave Minerals Limited also comply with International Financial Reporting

Standards (IFRS) as issued by the International Accounting Standards Board (IASB).

New and amended accounting standards and interpretations adopted by the group

The following standards and interpretations relevant to the operations of the Group and effective from 1 July 2015 have been adopted. The adoption of these standards did not have any impact on the current period or any prior period and is not likely to affect future periods.

- *AASB 2013-9: Amendments to Australian Accounting Standards – Conceptual Framework, Materiality and Financial Instruments*
- *AASB 2015-3: Amendments to Australian Accounting Standards arising from the Withdrawal of AASB 1031: Materiality*

New accounting standards and interpretations

The following new and amended accounting standards and interpretations relevant to the operations of the Group have been published but are not mandatory for the current financial year. The Group has decided against early adoption of these standards, and has not yet determined the potential impact on the financial statements from the adoption of these standards and interpretations.

The key new standards and interpretations which may impact the Group in future years are detailed right:

New or revised requirement	Application date of standard	Application date for Group
<p>AASB 9: Financial Instruments AASB 9 replaces AASB 139: Financial Instruments: Recognition and Measurement. The objective of this Standard is to establish principles for the financial reporting of financial assets and financial liabilities that will present relevant and useful information to users of financial statements for their assessment of the amounts, timing and uncertainty of an entity's future cash flows.</p>	1 Jan 2018	1 Jul 2018
<p>AASB 15: Revenue from Contracts with Customers The objective of this Standard is to establish the principles that an entity shall apply to report useful information to users of financial statements about the nature, amount, timing and uncertainty of revenue and cash flows arising from a contract with a customer.</p>	1 Jan 2018	1 Jul 2018
<p>AASB 16: Leases This Standard sets out the principles for the recognition, measurement, presentation and disclosure of leases. The objective is to ensure that lessees and lessors provide relevant information in a manner that faithfully represents those transactions. This information gives a basis for users of financial statements to assess the effect that leases have on the financial position, financial performance and cash flows of an entity.</p>	1 Jan 2019	1 Jul 2019

(a) Basis of measurement

Historical Cost Convention

These consolidated financial statements have been prepared under the historical cost convention, except where stated.

Critical Accounting Estimates

The preparation of financial statements requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Group's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements, are disclosed where appropriate.

(b) Going Concern

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

(c) Principles of consolidation

Subsidiaries

The consolidated financial statements incorporate the assets and liabilities of the Company's subsidiary at 30 June 2016 and the results of its subsidiary for the year then ended. The Company and its subsidiary together are referred to in this financial report as the Group or the consolidated entity.

Subsidiaries are all entities (including structured entities) over which the Group has control. The Group controls an entity when the Group is exposed to, or has rights to, variable returns from its investment with the entity and has the ability to affect those returns through its power to direct the activities of the entity.

The acquisition method of accounting is used to account for business combinations by the Group.

Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are de-consolidated from the date that control ceases.



Intercompany transactions, balances and unrealised gains on transactions between Group companies are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the transferred asset. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group.

Non-controlling interests in the results and equity of subsidiaries are shown separately in the consolidated statement of profit or loss and other comprehensive income, consolidated statement of financial position and the consolidated statement of changes in equity respectively.

Joint arrangements

Under AASB 11: Joint Arrangements investments in joint arrangements are classified as either joint operations or joint ventures. The classification depends on the contractual rights and obligations of each investor, rather than the legal structure of the joint arrangement.

A joint operation is a joint arrangement whereby the parties that have joint control of the arrangement have rights to the assets, and obligations for the liabilities, relating to the arrangement. Those parties are called joint operators. A joint venture is a joint arrangement whereby the parties that have joint control of the arrangement have rights to the net assets of the arrangement. Those parties are called joint venturers.

(d) Critical accounting judgements and key sources of estimation uncertainty

The application of accounting policies requires the use of judgments, estimates and assumptions about carrying values of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions are recognised in the period in which the estimate is revised if it affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

Share-based payment transactions

The Group measures the cost of equity-settled transactions with employees by reference to the fair value of the equity instruments at the date at which they are granted. The fair value is determined using a Black-Scholes option pricing model.

Exploration and evaluation costs carried forward

The Group's accounting policy is detailed in Note 2(m). The recoverability of the carrying amount of exploration and evaluation costs carried forward has been reviewed by the Directors at the reporting date. In conducting the review, the Directors consider the requirements of AASB 6 and if any impairment indicators are identified, the recoverable amount is then assessed by reference to the higher of "fair value less costs to sell". Unrecoverable amounts are impaired and recognised in profit or loss.

(e) Segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision maker. The chief operating decision maker, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the Board of Directors of Musgrave Minerals Limited.

(f) Functional and presentation of currency

The consolidated financial statements are presented in Australian dollars, which is the Group's functional and presentational currency.

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at



the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in profit or loss, except when they are deferred in equity as qualifying cash flow hedges and qualifying net investment hedges or are attributable to part of the net investment in a foreign operation.

Foreign exchange gains and losses that relate to borrowings are presented in the statement of profit or loss and other comprehensive income, within finance costs. All other foreign exchange gains and losses are presented in the statement of profit or loss and other comprehensive income on a net basis within other income or other expenses.

Non-monetary items that are measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined. Translation differences on assets and liabilities carried at fair value are reported as part of the fair value gain or loss.

(g) Revenue recognition

Revenue is measured at fair value of the consideration received or receivable. Amounts disclosed as revenue are net of returns, trade allowances, rebates and amounts collected on behalf of third parties. Interest income is recognised as it accrues.

(h) Income tax

The income tax expense or benefit for the period is the tax payable on the current period's taxable income based on the applicable income tax rate for each jurisdiction, adjusted by changes in deferred tax assets and liabilities attributable to temporary differences and to unused tax losses.

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the end of the reporting period. Management periodically evaluates positions taken in tax returns with respect to situations in

which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

Deferred income tax is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated financial statements. However, deferred tax liabilities are not recognised if they arise from the initial recognition of goodwill. Deferred income tax is also not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantially enacted by the end of the reporting period and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

Deferred tax assets are recognised for deductible temporary differences and unused tax losses only if it is probable that future taxable amounts will be available to utilise those temporary differences and losses.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets and liabilities and when the deferred tax balances relate to the same taxation authority. Current tax assets and tax liabilities are offset where the entity has a legally enforceable right to offset and intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

Musgrave Minerals Limited and its wholly-owned Australian controlled entity have implemented the tax consolidation legislation. As a consequence, these entities are taxed as a single entity and the deferred tax assets and liabilities of these entities are set off in the consolidated financial statements. Current and deferred tax is recognised in profit or loss, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case,



the tax is also recognised in other comprehensive income or directly in equity, respectively.

Amounts receivable from the Australian Tax Office in respect to the research and development tax concession claims are recognised as an income tax benefit in the year in which the claim is received from the Australian Tax Office.

(i) Leases

Leases of property, plant and equipment where the Group, as lessee, has substantially all the risks and rewards of ownership are classified as finance leases. Finance leases are capitalised at the lease's inception at the fair value of the leased property or, if lower, the present value of the minimum lease payments. The corresponding rental obligations, net of finance charges, are included in other short-term and long-term payables.

Each lease payment is allocated between the liability and finance cost. The finance cost is charged to the profit or loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period. The property, plant and equipment acquired under finance leases is depreciated over the asset's useful life or over the shorter of the asset's useful life and the lease term if there is no reasonable certainty that the Group will obtain ownership at the end of the lease term.

Leases in which a significant portion of the risks and rewards of ownership are not transferred to the Group as lessee are classified as operating leases. Payments made under operating leases (net of any incentives received from the lessor) are charged to profit or loss on a straight-line basis over the period of the lease.

(j) Impairment of assets

Intangible assets that have an indefinite useful life are not subject to amortisation and are tested annually for impairment or more frequently if events or changes in circumstances indicate that they might be impaired. Other assets 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 carrying amount exceeds its recoverable amount.

The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash inflows which are largely independent of the cash inflows from other assets or groups of assets (cash-generating units). Non-financial assets other than goodwill that suffered an impairment are reviewed for possible reversal of the impairment at the end of each reporting period.

(k) Cash and cash equivalents

Cash and cash equivalents includes cash on hand, deposits held at call with financial institutions, other short-term, highly liquid investments with original maturities of six months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value, and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities on the statement of financial position.

(l) Trade and other receivables

Trade receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less provision for impairment. Trade receivables are due for settlement within 30 days. They are presented as current assets unless collection is not expected for more than 12 months after the reporting date.

Collectability of trade receivables is reviewed on an ongoing basis. Debts which are known to be uncollectible are written off by reducing the carrying amount directly. A provision for doubtful receivables is established when there is objective evidence that the Group will not be able to collect all amounts due according to the original terms of the receivables. The amount of the provision is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the original effective interest rate.

Cash flows relating to short-term receivables are not discounted if the effect of discounting is immaterial. The amount of the provision is recognised in the profit or loss.

(m) Exploration and evaluation expenditure

Exploration and evaluation expenditure, including the costs of acquiring licences and permits, are capitalised as exploration and evaluation assets on an area of interest basis. Costs incurred before the Group has obtained the legal rights to explore an area are recognised in the statement of profit or loss and other comprehensive income.

Exploration and evaluation assets are only recognised if the rights of the area of interest are current and either:

- (i) the expenditures are expected to be recouped through successful development and exploitation or from sale of the area of interest; or
- (ii) activities in the area of interest have not at the reporting date reached a stage which permits a reasonable assessment of the existence or otherwise of economically recoverable reserves, and active and significant operations in, or in relation to, the area of interest are continuing.

Exploration and evaluation assets are assessed for impairment if sufficient data exists to determine technical feasibility and commercial viability, and facts and circumstances suggest that the carrying amount exceeds the recoverable amount. For the purposes of impairment testing, exploration and evaluation assets are allocated to cash-generating units to which the exploration activity relates. The cash generating unit shall not be larger than the area of interest.

Once the technical feasibility and commercial viability of the extraction of minerals in an area of interest are demonstrable, exploration and evaluation assets attributable to that area of interest are first tested for impairment and then reclassified to mineral property and development assets within property, plant and equipment.

When an area of interest is abandoned or the Directors decide that it is not commercial, any accumulated costs in respect of that area are written off in the financial period the decision is made.

(n) Property, plant and equipment

Property, plant and equipment is stated at historical cost less accumulated depreciation. Historical cost includes expenditure that is directly attributable to the acquisition of the items. The cost of self-constructed assets includes the cost of materials, direct labour, the initial estimate, where relevant, of the costs of dismantling and removing the items and restoring the site on which they are located, and an appropriate proportion of production overheads.

Where parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items of property, plant and equipment.

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. The carrying amount of any component accounted for as a separate asset is derecognised when replaced. All other repairs and maintenance are charged to profit or loss during the reporting period in which they are incurred.

Depreciation is calculated using the diminishing value and prime cost methods to allocate their cost, net of their residual values, over their estimated useful lives, or in the case of certain leased plant and equipment, the shorter lease term as follows:

- Motor vehicles 8 years
- Office and computer equipment 1 – 10 years
- Furniture, fittings and equipment 1 – 10 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 are included in profit or loss. When re-valued assets are sold, it is Group policy to transfer any amounts included in other reserves in respect of those assets to retained earnings.

(o) Trade and other payables

These amounts represent liabilities for goods and services provided to the Group prior to the end of the financial year and which are unpaid. The amounts are unsecured and are usually paid within 30 days of recognition. Trade and other payables are presented as current liabilities unless payment is not due within 12 months from the reporting date.

(p) Employee benefits

Short-term Obligations

Liabilities for wages and salaries, including non-monetary benefits, annual leave and accumulating sick leave expected to be settled within 12 months after the end of the period in which the employees render the related service, are recognised in respect of employees' services up to the end of the reporting period and are measured at the amounts expected to be paid when the liabilities are settled. The liability for annual leave and accumulating sick leave is recognised in the provision for employee benefits. Liabilities for non-accumulating sick leave are recognised when the leave is taken and measured at the rates paid or payable. All other short-term employee benefit obligations are presented as payables.

The obligations are presented as current liabilities in the statement of financial position if the entity does not have an unconditional right to defer settlement for at least twelve months after the reporting date, regardless of when the actual settlement is expected to occur.

Other Long-term Obligations

The liability for long service leave and annual leave which is not expected to be settled within 12 months after the end of the period in which the employees render the related service is, recognised in the provision for employee benefits and measured as the present value of expected future payments to be made in respect of services provided by employees up to the end of the reporting period using the projected unit credit method. Consideration is given to expected future wage and salary levels, experience of employee departures and periods of service. Expected future payments are discounted using market yields at the end of the reporting period on national government bonds with terms to maturity and currency that match, as closely as possible, the estimated future cash outflows.

Share-Based Payments

The Group provides benefits to employees of the Company in the form of share options. The fair value of options granted is recognised as an employee benefits expense with a corresponding increase in equity. The fair value is measured at grant date and spread over the period during which the employees become unconditionally entitled to the options. The fair value of the options granted is measured using a Black-Scholes option pricing model, taking into account the terms and conditions upon which the options were granted.

The cost of equity-settled transactions is recognised, together with a corresponding increase in equity, on a straight line basis over the vesting period. The amount recognised as an expense is adjusted to reflect the actual number that vest.

The dilutive effect, if any, of outstanding options is reflected as additional share dilution in the computation of earnings per share.

Termination Benefits

Termination benefits are payable when employment is terminated before the normal retirement date, or when an employee accepts voluntary redundancy in exchange for

these benefits. The Group recognises termination benefits when it is demonstrably committed to either terminating the employment of current employees according to a detailed formal plan without possibility of withdrawal or providing termination benefits as a result of an offer made to encourage voluntary redundancy. Benefits falling due more than 12 months after the end of the reporting period are discounted to present value. No termination benefits, other than accrued benefits and entitlements, were paid during the period.

(q) 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.

(r) Earnings per share

Basic earnings per share

Basic earnings per share is calculated by dividing:

- the profit attributable to owners of the Group, excluding any costs of servicing equity other than ordinary shares
- by the weighted average number of ordinary shares outstanding during the financial year, adjusted for bonus elements in ordinary shares issued during the year and excluding treasury shares.

Diluted earnings per share

Diluted earnings per share adjusts the figures used in the determination of basic earnings per share to take into account:

- the after income tax effect of interest and other financing costs associated with dilutive potential ordinary shares; and
- the weighted average number of additional ordinary shares that would have been outstanding assuming the conversion of all dilutive potential ordinary shares.

(s) Goods and Services Tax (GST)

Revenues, expenses and assets are recognised net of the amount of associated GST, unless the GST incurred is not recoverable from the taxation authority. In this case it is recognised as part of the cost of acquisition of the asset or as part of the expense.

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 taxation authority 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 taxation authority, are presented as operating cash flows.

(t) Financial assets

Financial assets are classified as either financial assets at fair value through profit or loss, loans and receivables, held-to-maturity investments, or available-for-sale investments, as appropriate. When financial assets are recognised initially, they are measured at fair value, plus, in the case of investments not at fair value through profit or loss, directly attributable transaction costs. The Group determines the classification of its financial assets after initial recognition and, when allowed and appropriate, re-evaluates this designation at each financial year-end. All regular way purchases and sales of financial assets are recognised on the trade date i.e. the date that the Group commits to purchase the asset. Regular way purchases or sales are purchases or sales of financial assets under contracts that require delivery of the assets within the period established generally by regulation or convention in the marketplace.



3. Revenue and Expenses

		Consolidated	
		2016	2015
		\$	\$
(a)	Revenue from operating activities		
	Interest revenue	73,972	149,521
	Other	2,520	27,915
	Total revenue from operating activities	76,492	177,436
(b)	Employee benefits expense		
	Wages, salaries, directors fees and other remuneration expenses	795,276	1,196,465
	Superannuation contributions	72,118	87,104
	Transfer to/(from) annual leave provision	(853)	(90,698)
	Transfer to/(from) long service leave provision	12,974	(11,528)
	Share-based payments expense	14,798	-
	Transfer to capitalised tenements	(616,355)	(821,224)
	Total employee benefits expense	277,958	360,119
(c)	Finance expense		
	Finance costs	-	10
	Interest applied to hire purchase	-	86
	Total finance expense	-	96
(d)	Funds misappropriated		
	Reported in the Company's 2015 Annual Report and disclosed in the Company's announcement released to the ASX on 12 February 2015, investigations into a number of irregular transactions were undertaken by the Company in the previous financial year. The investigations concluded that the amount of funds involved in the irregular transactions was \$468,772. \$337,250 of these funds were misappropriated during the previous financial year. On 16 November 2015, the ex-employee was found guilty of stealing as a servant and received a custodial sentence. To date, the Company has managed to recover \$136,043, with \$100,000 being recovered this year.		

		Consolidated	
		2016	2015
		\$	\$
(e)	Other expenses		
	Secretarial, professional and consultancy costs	99,369	146,668
	Forensic accounting costs	-	34,296
	Occupancy costs	48,070	121,007
	Share register maintenance	12,966	20,432
	Insurance costs	20,391	33,783
	Promotion, advertising and sponsorship	13,903	7,732
	Audit fees	26,464	33,625
	Computer expense and software licencing	13,471	29,249
	Employer related on-costs	14,649	29,316
	Other expenses	53,477	65,805
	Total other expenses	302,760	521,913

4. Segment information

The Group operates in one geographical segment, being Australia and in one operating category, being mineral exploration. Therefore, information reported to the chief operating decision maker (the Board of Musgrave Minerals Limited) for the purposes of resource allocation and performance assessment is focused on mineral exploration within Australia. The Board has considered the requirements of AASB 8: Operating Segments and the internal reports that are reviewed by the chief operation decision maker in allocating resources and have concluded at this time that there are no separately identifiable segments.

5. Income Tax

Major components of income tax expense are as follows:

	Consolidated	
	2016 \$	2015 \$
Consolidated Statement of Profit or Loss and Other Comprehensive Income		
Current income tax		
- Current income tax charge	-	-
- R&D tax concession	(513,162)	(895,575)
Income tax expense / (benefit) reported in the Consolidated Statement of Profit or Loss and Other Comprehensive Income	(513,162)	(895,575)
A reconciliation of income tax expense / (benefit) applicable to accounting profit / (loss) before income tax at the statutory income tax rate to income tax expense / (benefit) at the Company's effective income tax is as follows:		
Accounting loss from continuing operations before income tax	(6,619,106)	(7,829,674)
At the statutory income tax rate of 28.5% (2015: 30%)	(1,886,445)	(2,348,902)
<i>Add</i>		
Immediate write off of capital expenditure	(518,990)	(687,531)
Expenditures not allowable for income tax purposes	1,815,879	2,294,772
Other deductible items	(170,309)	(65,811)
Tax losses not recognised due to not meeting recognition criteria	759,865	(807,472)

In 2016, the government enacted a change in the income tax rate for small business entities from 30% to 28.5%. Musgrave Minerals Limited satisfies the criteria to be a small business entity.

The Company and its 100% owned controlled entity have formed a tax consolidated group. The head entity of the tax consolidated group is Musgrave Minerals Limited. The tax consolidated group has potential revenue tax losses of \$16,864,803 (2015: \$15,674,230) and capital losses of \$245,265.

The deductible temporary differences and tax losses do not expire under current tax legislation. Deferred tax assets have not been recognised in respect of these items because it is not probable that future taxable profit will be available against which the Group can utilise benefits.

The utilisation of tax losses is dependent on the Group satisfying the continuity of ownership test or the same business test at the time the tax losses are applied against taxable income.

6. Cash and cash equivalents

	Consolidated	
	2016 \$	2015 \$
Cash at bank and on hand	125,224	1,465,403
Short-term deposits	1,950,000	2,272,000
	2,075,224	3,737,403

The weighted average interest rate for the year was 2.55% (2015: 3.18%).

The Group's exposure to interest rate risk is set out in note 22. The maximum exposure to credit risk at the end of the reporting period is the carrying amount of each class of cash and cash equivalents mentioned above.

7. Trade and other receivables

	Consolidated	
	2016 \$	2015 \$
Current		
GST receivable	31,512	45,098
Other	12,000	2,060
	43,512	47,158

The amounts held in trade and other receivables do not contain impaired assets and are not past due. Based on the credit history of these trade and other receivables, it is expected that these amounts will be received when due. The Group's financial risk management objectives and policies are set out in note 22.

Due to the short term nature of these receivables their carrying value is assumed to approximate their fair value.

8. Other current assets

	Consolidated	
	2016 \$	2015 \$
Prepayments	-	8,420
Accrued income	12,588	21,100
	12,588	29,520

9. Exploration and evaluation

	Consolidated	
	2016 \$	2015 \$
Opening balance	10,391,152	15,748,622
Impairment expense	(6,191,926)	(7,649,239)
Exploration expenditure incurred during the year	1,821,019	2,291,769
Closing balance	6,020,245	10,391,152

The recoverability of the carrying amount of deferred exploration and evaluation expenditure is dependent on the successful development and commercial exploitation, or alternatively the sale, of the respective areas of interest.

10. Property, plant and equipment

	Consolidated	
	2016 \$	2015 \$
Plant and equipment		
- At cost	224,344	248,576
- Acquisitions	2,468	-
- Disposals	(12,262)	(5,500)
- Accumulated depreciation	(203,684)	(213,543)
Total plant and equipment	10,866	29,533
Motor vehicles		
- At cost	166,545	166,545
- Accumulated depreciation	(113,971)	(99,890)
Total motor vehicles	52,574	66,655
Total property, plant and equipment	63,440	96,188

Movement in carrying amounts

Movements in the carrying amounts for each class of property, plant and equipment between the beginning and the end of the year:

	Plant and equipment	Motor Vehicles	Total
2016 Consolidated:	\$	\$	\$
Balance at the beginning of the year	29,533	66,655	96,188
Acquisitions	2,468	-	2,468
Depreciation expense	(8,873)	(14,081)	(22,954)
Disposals	(12,262)	-	(12,262)
Carrying amount at the end of the year	10,866	52,574	63,440

	Plant and equipment	Motor Vehicles	Total
2015 Consolidated:			
Balance at the beginning of the year	52,378	83,346	135,724
Depreciation expense	(17,345)	(16,691)	(34,036)
Disposals	(5,500)	-	(5,500)
Carrying amount at the end of the year	29,533	66,655	96,188

11. Subsidiaries

Details of the Company's subsidiary are as follows:

Subsidiary	Principal Activity	Country of Incorporation	Proportion of Ownership	
			2016	2015
Musgrave Exploration Pty Ltd	Exploration	Australia	100%	100%

12. Trade and other payables

	Consolidated	
	2016 \$	2015 \$
Trade creditors	176,082	115,268
Other payables	67,454	181,796
	243,536	297,064

13. Provisions

	Consolidated	
	2016 \$	2015 \$
Short-term		
Annual leave	47,525	77,237
	47,525	77,237
Long-term		
Long service leave	32,359	19,385
	32,359	19,385

14. Contributed equity

	Consolidated	
	2016 \$	2015 \$
a) Share capital		
Ordinary shares fully paid	26,793,899	26,718,899
	Consolidated	
	Number	\$
b) Movements in ordinary shares on issue		
Balance at 1 July 2014	121,000,000	26,718,899
Balance at 30 June 2015	121,000,000	26,718,899
Issue of shares to Silver Lake Resources Limited	4,032,258	75,000
Balance at 30 June 2016	125,032,258	26,793,899

Ordinary shares have the right to receive dividends as declared, and in the event of winding up the Company, to participate in the proceeds from the sale of all surplus assets in proportion to the number of and amounts paid upon on shares held.

Ordinary shares entitle their holder to one vote, either in person or by proxy, at a meeting of the Company.

	Consolidated	
	2016 Number	2015 Number
c) Movements in options on issue		
Balance at beginning of the financial year	15,975,000	17,025,000
Options granted	1,725,000	-
Options expired / lapsed	(15,500,000)	(1,050,000)
Balance at end of the financial year	2,200,000	15,975,000

15. Reserves

	Consolidated	
	2016 \$	2015 \$
Share option reserve		
Opening balance	2,858,705	2,973,818
Issue of options to employees under the Employee Share Option Plan	14,798	-
Transfer to accumulated losses from share option reserve due to lapse of options under Employee Share Option Plan	(2,809,000)	(115,113)
Balance at the end of the financial year	64,503	2,858,705

The options reserve is used to recognise the fair value of options issued to employees and contractors.

16. Accumulated losses

Balance at the beginning of the financial year	(15,669,869)	(7,955,308)
Net loss attributable to members	(6,105,944)	(7,829,674)
Transfer from share option reserve upon lapse of options	2,809,000	115,113
Balance at the end of the financial year	(18,966,813)	(15,669,869)

17. Earnings per share

	2016 cents	2015 cents
- basic loss per share	4.95	6.47
- diluted loss per share	4.95	6.47

The following reflects the income and share data used in the calculations of basic and diluted loss per share:

	Consolidated	
	2016 \$	2015 \$
Profits / (losses) used in calculating basic and diluted earnings per share	(6,105,944)	(7,829,674)

	2016 Number	2015 Number
Weighted average number of ordinary shares used in calculating basic and diluted loss per share	123,302,574	121,000,000

18. Auditor's remuneration

	Consolidated	
	2016 \$	2015 \$
Audit services		
Grant Thornton Audit Pty Ltd		
- Audit and review of the financial reports	30,600	33,625
Total remuneration	30,600	33,625

19. Contingent assets and liabilities

The Group had contingent liabilities at 30 June 2016 in respect of :

Future royalty payments

In November 2015, Musgrave entered into a Farm-In and Joint Venture Agreement ("Agreement") with Silver Lake Resources Limited ("Silver Lake") to earn up to an 80% interest in the Cue Project (previously part of Silver Lake's Murchison Operation) consisting of the Moyagee Gold and

Hollandaire Copper Projects in the Murchison Province of Western Australia. Should Musgrave ultimately earn an interest in some of the tenements covered by this Agreement it may be subject to royalty payments on future gold production.

The Group had contingent assets at 30 June 2016 in respect of:

Future royalty payments

In January 2014 the Group entered in to a Mining Farm-in and Joint Venture Agreement (“Agreement”) with Menninnie Metals Pty Ltd. In August 2015 the parties agreed to terminate the Agreement (“Termination Agreement”). As part of the Termination Agreement the Group retains a 1% Net Smelter Return Royalty on all ores, concentrates or other primary, intermediate or final product of any minerals produced from two of the tenements.

There are no other material contingent assets or liabilities as at 30 June 2016.

20. Events occurring after the reporting period

On 4 July 2016, the Company announced that it had completed a placement to institutional and sophisticated investors of 12,711,864 shares at an issue price of 5.9 cents per share to raise \$750,000. The Company also announced a fully underwritten Share Purchase Plan (“SPP”).

The SPP closed oversubscribed on 5 August 2016 with the Company receiving applications totalling \$1,984,000. The Board of Directors elected to increase the original SPP target which had been set at \$1,250,000 and accepted all valid applications from eligible shareholders. A total of 33,627,084 new shares were issued under the SPP at a price of 5.9 cents per share.

On 16 August 2016, the Company completed a placement to raise \$500,000 via the issue of 8,474,576 shares to sophisticated and professional investors at an issue price of 5.9 cents per share.

There have been no other events subsequent to reporting date which are sufficiently material to warrant disclosure.

21. Commitments

In order to maintain an interest in the exploration tenements in which the Group is involved, the Group is committed to meet the conditions under which the tenements were granted. The timing and amount of exploration expenditure commitments and obligations of the Group are subject to the minimum expenditure commitments required as per the Mining Act 1978 (Western Australia) and the Mining Act 1971 (South Australia), and may vary significantly from the forecast based upon the results of the work performed which will determine the prospectivity of the relevant area of interest. Currently, the minimum expenditure commitments for the granted tenements is \$1,208,020 (2015: \$461,000) per annum.

Commitments in relation to the lease of office premises are payable as follows:

	Consolidated	
	2016 \$	2015 \$
Within 1 year	12,000	12,000
Later than one year but not later than five years	-	-
Later than five years	-	-
	12,000	12,000

22. Financial risk management objectives and policies

Financial Risk Management

Overview

The Group has exposure to the following risks from their use of financial instruments:

- Interest rate risk
- Credit risk
- Liquidity risk
- Commodity risk

This note presents information about the Group's exposure to each of the above risks, their objectives, policies and processes for measuring and managing risk, and the management of capital.

The Board of Directors has overall responsibility for the establishment and oversight of the risk management framework.

Risk management policies are established to identify and analyse the risks faced by the Group, to set appropriate risk

limits and controls, and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Group's activities.

The Audit Committee oversees how management monitors compliance with the Group's risk management policies and procedures and reviews the adequacy of the risk management framework in relation to the risks faced by the Group.

The Group's principal financial instruments are cash, short-term deposits, receivables and payables.

Interest rate risk

Interest rate risk is the risk that the value of a financial instrument or cash flows associated with the instrument will fluctuate due to changes in market interest rates. Interest rate risk arises from fluctuations in interest bearing financial assets and liabilities that the Group uses.

Interest bearing assets comprise cash and cash equivalents which are considered to be short-term liquid assets. It is the Group's policy to settle trade payables within the credit terms allowed and therefore not incur interest on overdue balances.

The following table set out the carrying amount, by maturity, of the financial instruments that are exposed to interest rate risk:

Consolidated – 2016	Floating Interest rate \$	Fixed interest rate maturing in			Non interest bearing \$	Total \$
		1 Year or Less \$	Over 1 to 5 years \$	More than 5 years \$		
Financial assets						
Cash and cash equivalents	124,924	1,950,000	-	-	300	2,075,224
Trade and other receivables	-	-	-	-	43,512	43,512
	124,924	1,950,000	-	-	43,812	2,118,736
Weighted average interest rate	1.98%	2.79%	-	-	-	-
Financial liabilities						
Trade and other payables	-	-	-	-	243,536	243,536
	-	-	-	-	243,536	243,536
Weighted average interest rate	-	-	-	-	-	-

Consolidated – 2015	Floating Interest rate \$	Fixed interest rate maturing in			Non interest bearing \$	Total \$
		1 Year or Less \$	Over 1 to 5 years \$	More than 5 years \$		
Financial assets						
Cash and cash equivalents	1,557,403	2,180,000	-	-	-	3,737,403
Trade and other receivables	-	-	-	-	47,158	47,158
	1,465,393	2,272,000	-	-	47,158	3,784,561
Weighted average interest rate	0.97%	3.14%	-	-	-	-
Financial liabilities						
Trade and other payables	-	-	-	-	297,064	297,064
	-	-	-	-	297,064	297,064
Weighted average interest rate	-	-	-	-	-	-

Fair value sensitivity analysis for fixed rate instruments

The Group does not account for any fixed rate financial assets or liabilities at fair value through profit or loss. Therefore, a change in interest rates at the reporting date would not affect profit or loss.

Cash flow sensitivity analysis for variable rate instruments

A change of 100 basis points in interest rates at the reporting date would have increased/(decreased) equity and profit or loss by the amounts shown below:

Consolidated - 2016	Carrying value at period end \$	Profit or loss		Equity	
		100 bp increase \$	100 bp decrease \$	100 bp increase \$	100 bp decrease \$
Financial assets					
Cash and cash equivalents	2,075,224	29,059	(29,059)	29,059	(29,059)
Cash flow sensitivity (net)		29,059	(29,059)	29,059	(29,059)

Consolidated - 2015	Carrying value at period end \$	Profit or loss		Equity	
		100 bp increase \$	100 bp decrease \$	100 bp increase \$	100 bp decrease \$
Financial assets					
Cash and cash equivalents	3,737,403	65,320	(65,320)	65,320	(65,320)
Cash flow sensitivity (net)		65,320	(65,320)	65,320	(65,320)

Credit risk

Credit risk is the risk of financial loss to the Group if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the Group's receivables from customers and investment securities. The Group trades only with recognised, creditworthy third parties. It is the Group policy that all customers who wish to trade on credit terms are subject to credit verification procedures. In addition, receivable balances are monitored on an ongoing basis with the result that the Group's exposure to bad debts is not significant. The maximum exposure to credit risk is the carrying value of the receivable, net of any provision for doubtful debts.

With respect to credit risk arising from the other financial assets of the Group, which comprise cash and cash equivalents, the Group's exposure to credit risk arises from default of the counter party, with a maximum exposure equal to the carrying amount of these instruments. This risk is minimised by reviewing term deposit accounts from time to time with approved banks of a sufficient credit rating which is AA and above.

Exposure to credit risk

The carrying amount of the Group's financial assets represents the maximum credit exposure. The Group's maximum exposure to credit risk at the reporting date was:

	Consolidated	
	2016 \$	2015 \$
Cash and cash equivalents	2,075,224	3,737,403
Trade & other receivables	43,512	47,158
	2,118,736	3,784,561

Foreign currency risk

The Group's exposure to foreign currency risk is minimal at this stage of its operations.

Commodity price risk

The Group's exposure to commodity price risk is minimal at this stage of its operations.

Liquidity risk

Liquidity risk is the risk that the Group will not be able to meet its financial obligations as they fall due. The Group's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Group's reputation.

The Group's objective is to maintain a balance between continuity of funding and flexibility. The following are the contractual maturities of financial liabilities:

Consolidated - 2016	Carrying amount \$	Contractual cash flows \$	6 months or less \$
Trade and other payables	243,536	-	243,536
	243,536	-	243,536
Receivables	43,512	-	43,512
	43,512	-	43,512

Consolidated - 2015	Carrying amount \$	Contractual cash flows \$	6 months or less \$
Trade and other payables	297,064	-	297,064
	297,064	-	297,064
Receivables	47,158	-	47,158
	47,158	-	47,158



Fair value of financial assets and liabilities

The fair value of cash and cash equivalents and non-interest bearing financial assets and financial liabilities of the Group is equal to their carrying value.

Capital risk management

The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital. The management of the Group's capital is performed by the Board.

The capital structure of the Group consists of net debt (trade payables and provisions detailed in notes 12 & 13 offset by cash and bank balances) and equity of the Group (comprising contributed equity and reserves, offset by accumulated losses detailed in notes 14, 15 & 16).

The Group is not subject to any externally imposed capital requirements. None of the Group's entities are subject to externally imposed capital requirements.

23. Share based payments

Employee Share Option Plan

The Group has an Employee Share Option Plan ("ESOP") for executives and employees of the Group. In accordance with the provisions of the ESOP, as approved by shareholders at a previous Annual General Meeting, executives and employees may be granted options at the discretion of the Directors.

Each share option converts into one ordinary share of Musgrave Minerals Limited on exercise. No amounts are paid or are payable by the recipient on receipt of the option. The options carry neither rights of dividends nor voting rights. Options may be exercised at any time from the date of vesting to the date of their expiry.

Options issued to Directors are subject to approval by shareholders.

The following share-based payment arrangements were in existence during the reporting period:

Option series	Number	Grant date	Expiry date	Vesting date	Exercise price	Fair value at grant date
B (1)	4,750,000	17 Feb 2011	17 Feb 2016	Immediate	\$0.36	\$0.1860
C (1)	2,500,000	17 Feb 2011	17 Feb 2016	Immediate	\$0.50	\$0.1750
E	175,000	24 Jan 2012	23 Jan 2017	Immediate	\$0.50	\$0.0714
F	500,000	6 Mar 2013	5 Mar 2018	Immediate	\$0.50	\$0.0431
H	300,000	11 Mar 2014	10 Mar 2019	Immediate	\$0.12	\$0.0522
I	200,000	16 Sep 2015	23 Jan 2017	Immediate	\$ 0.250	\$0.0001
J	250,000	16 Sep 2015	10 Mar 2019	Immediate	\$ 0.120	\$0.0046
K (2)	500,000	16 Sep 2015	8 May 2016	Immediate	\$ 0.360	-
L	75,000	16 Sep 2015	23 Mar 2018	Immediate	\$ 0.250	\$ 0.0010
M	700,000	22 Apr 2016	22 Apr 2021	Immediate	\$ 0.045	\$ 0.0194

(1) These options expired during the financial year

(2) These options were issued and expired during the financial year

Fair Value of Share Options Granted During the Year

The fair value of share options at grant date are determined using a Black-Scholes option pricing model that takes into account the exercise price, the term of the option, the share price at grant date, the expected price volatility of the underlying share and the risk free rate for the term of the option. The fair value of share options issued during the year was \$14,798 (2015: \$Nil).

The model inputs for options granted during the year ended 30 June 2016 are as follows:

Inputs	Issue I	Issue J	Issue K	Issue L	Issue M
Exercise Price	\$0.25	\$0.12	\$0.36	\$0.25	\$0.045
Grant date	16 Sep 2015	16 Sep 2015	16 Sep 2015	16 Sep 2015	22 Apr 2016
Expiry date	23 Jan 2017	10 Mar 2019	8 May 2016	23 Mar 2018	22 Apr 2021
Share price at grant date	\$0.022	\$0.022	\$0.022	\$0.022	\$0.025
Expected price volatility	81.63%	81.63%	81.63%	81.63%	119.96%
Expected dividend yield	0%	0%	0%	0%	0%
Risk-free interest rate	1.92%	1.93%	1.92%	1.93%	2.21%

Movements in share options during the year

Movement in the number of share options held by Directors and employees:

	2016		2015	
	No. of options	Weighted average exercise price \$	No. of options	Weighted average exercise price \$
Outstanding at the beginning of the year	15,975,000	0.32	17,025,000	0.32
Granted and vested during the year	1,725,000	0.18	-	-
Expired during the year	(15,500,000)	0.33	(1,050,000)	0.27
Outstanding at the end of the year	2,200,000	0.15	15,975,000	0.32
Exercisable at the end of the year	2,200,000	0.15	15,975,000	0.32

The weighted average remaining contractual life of share options outstanding at the end of the year was 2.74 years (2015: 0.85 years).

Share options outstanding at the end of the year

Share options issued and outstanding at the end of the year have the following exercise prices:

Expiry Date	Exercise price \$	2016 No.	2015 No.
17 February 2016	0.36	-	4,750,000
17 February 2016	0.50	-	2,500,000
19 April 2016	0.25	-	7,750,000
23 January 2017	0.25	375,000	175,000
5 March 2018	0.25	500,000	500,000
23 March 2018	0.25	75,000	-
10 March 2019	0.12	550,000	300,000
22 April 2021	0.045	700,000	-
		2,200,000	15,975,000

24. Reconciliation of cash flows from operating activities

	Consolidated	
	2016 \$	2015 \$
Cash flows from operating activities		
Loss for the period	(6,105,944)	(7,829,674)
Non-cash flows in profit/(loss):		
- Depreciation	22,954	34,036
- Impairment expense	6,191,926	7,649,239
- Field related internal charges	(66,289)	-
-Share based remuneration	14,798	-
-(Gain) / Loss on sale of assets	5,262	-
	Consolidated	
	2016 \$	2015 \$
Changes in assets and liabilities		
-Decrease/(increase) in trade and other receivables	3,647	42,628
-Decrease/(increase) in other current assets	16,932	(8,420)
-Decrease/(increase) in interest receivable	-	4,399
-Increase/(decrease) in trade and other payables	(64,714)	(20,957)
-Increase/(decrease) in employee entitlements	(16,738)	(85,367)
Net cash from/(used in)operating activities	1,834	(214,116)

Non-cash investing and financing activities

There were no non-cash investing and financing activities during the year.



25. Related party disclosure

	Class	Country of incorporation	Investment at cost 2016 \$	Investment at cost 2015 \$
a) Parent entity				
Musgrave Minerals Limited	Ord	Australia	-	-
b) Subsidiaries				
Musgrave Exploration Pty Ltd	Ord	Australia	100	100
c) Key management personnel compensation				
Short-term employee benefits			503,394	798,755
Post-employment benefits			38,299	61,227
Share-based payments			-	-
			541,693	859,982

Detailed remuneration disclosures are provided in the Remuneration Report on pages 16 to 20.

26. Parent entity disclosure

	2016 \$	2015 \$
Financial Performance		
Profit / (loss) for the year	(6,105,944)	(7,829,674)
Other comprehensive income	-	-
Total comprehensive profit / (loss)	(6,105,944)	(7,829,674)
ASSETS		
Current assets	2,131,324	3,814,081
Non-current assets	6,083,685	10,487,340
TOTAL ASSETS	8,215,009	14,301,421

	2016 \$	2015 \$
LIABILITIES		
Current liabilities	291,061	374,301
Non-current liabilities	32,359	19,385
TOTAL LIABILITIES	323,420	393,686
NET ASSETS		
	7,891,589	13,907,735
EQUITY		
Contributed equity	26,793,899	26,718,899
Reserves	64,503	2,858,705
Accumulated losses	(18,966,813)	(15,669,869)
TOTAL EQUITY	7,891,589	13,907,735

No guarantees have been entered into by Musgrave Minerals Limited in relation to the debts of its subsidiary.

Musgrave Minerals Limited had no expenditure commitments as at 30 June 2016 other than the commitment in relation to the lease of office premises as disclosed in note 21.

Directors' Declaration

The Directors of Musgrave Minerals Limited declare that:

(a) in the Directors' opinion the financial statements and notes set out on pages 22 to 46 and the Remuneration Report in the Directors' Report are 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 2016 and of its performance, for the financial year ended on that date; and
- (ii) complying with Australian Accounting Standards (including the Australian Accounting Interpretations), *Corporations Regulations 2001* and mandatory professional reporting requirements.

(b) the financial statements also comply with International Financial Reporting Standards as disclosed in note 2; and

(c) there are reasonable grounds to believe that the consolidated entity will be able to pay its debts as and when they become due and payable.

The Directors have been given the declarations required by Section 295A of the *Corporations Act 2001* by the Chief Executive Officer and Chief Financial Officer for the financial year ended 30 June 2016.

Signed in accordance with a resolution of the Directors.



Graham Ascough
Chairman

Perth, Western Australia
22 September 2016





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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 2016, 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.

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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 2016 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.

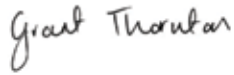
Report on the remuneration report

We have audited the remuneration report included in pages 14 to 19 of the directors' report for the year ended 30 June 2016. 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 2016, complies with section 300A of the Corporations Act 2001.



GRANT THORNTON AUDIT PTY LTD
Chartered Accountants



C A Becker
Partner - Audit & Assurance

Perth, 22 September 2016

Additional Information

Additional information required by the Australian Securities Exchange Limited and not shown elsewhere in this report is as follows. This information is current as at 13 September 2016.

1. Quoted Securities on Issue

ASX Code	Number of Holders	Security Description	Total Securities
MGV	1,249	Ordinary Fully Paid	180,045,782

2. Distribution Schedule

Spread of Holdings - Ordinary Shares

Shares Held	Holders	Units	% of Issued Capital
1 - 1,000	21	5,384	0.003
1,001 - 5,000	29	116,744	0.065
5,001 - 10,000	184	1,584,945	0.880
10,001 - 100,000	688	30,569,060	16.978
100,001 and over	327	147,769,649	82.074
Total	1,249	180,045,782	100.000

3. Unmarketable Parcel

There are 59 shareholders holding less than a marketable parcel of fully paid ordinary shares based on a price of \$0.079 per share.

4. Substantial Shareholders

Substantial shareholders (i.e. shareholders who hold 5% or more of the issued capital):

	Number of shares	Percentage held
Silver Lake Resources Limited	9,548,387	5.30
Independence Group NL	9,027,000	5.01

5. Voting Rights

(a) Ordinary Shares

Each shareholder is entitled to receive notice of and attend and vote at general meetings of the Company. At a general meeting, every shareholder present in person or by proxy, representative of attorney will have one vote on a show of hands and on a poll, one vote for each share held.

(b) Options

No voting rights.

6. On-Market Buy Back

There is no current on-market buy back.

7. Unquoted Equity Securities

	Number on issue	Number of holders
Options exercisable at \$0.25 on or before 23 January 2017	375,000	3
Options exercisable at \$0.25 on or before 5 March 2018	500,000	1
Options exercisable at \$0.25 on or before 23 March 2018	75,000	1
Options exercisable at \$0.12 on or before 10 March 2019	550,000	6
Options exercisable at \$0.045 on or before 22 April 2021	500,000	2

8. Twenty Largest Holders of Quoted Ordinary Shares

Shareholder	Number of shares	Percentage held
SILVER LAKE RESOURCES LIMITED / INTEGRA MINING LIMITED	9,548,387	5.30
INDEPENDENCE GROUP NL	9,027,000	5.01
ABN AMRO CLEARING SYDNEY NOMINEES PTY LTD	7,064,887	3.92
BARRICK (AUSTRALIA PACIFIC) LIMITED	6,000,000	3.33
CITICORP NOMINEES PTY LIMITED	3,366,245	1.87
J P MORGAN NOMINEES AUSTRALIA LIMITED	3,043,972	1.69
ALLISE PTY LTD	2,854,237	1.59
FORSYTH BARR CUSTODIANS LTD <FORSYTH BARR LTD-NOMINEE A/C>	2,539,587	1.41
ACN 609 249 194 PTY LTD <IMAGOLDBUG SUPERFUND A/C>	2,500,000	1.39
CAZNA (OXFORD 1) LIMITED + CAZNA (OXFORD 2) LIMITED <THE OXFORD A/C>	1,540,000	0.86
RISHON HOLDINGS PTY LTD	1,489,883	0.83
MS SHAN KUANG	1,329,729	0.74
MR JACOBUS GERARDUS DE JONG	1,279,237	0.71
COMO INVESTMENTS PTY LTD	1,131,246	0.63
PERSHING AUSTRALIA NOMINEES PTY LTD	1,018,154	0.57
AMALGAMATED DAIRIES LIMITED	1,000,000	0.56
HIPETE PTY LIMITED	1,000,000	0.56
MR MATTHEW ANTHONY JOHNSON	1,000,000	0.56
MR VINCENT YONG SENG LIO + MRS PATRICE ANNE LIO <LIO FAMILY SUPER FUND A/C>	1,000,000	0.56
PAMPLONA NOMINEES PTY LTD <PAMPLONA SUPER FUND A/C>	1,000,000	0.56
	58,732,564	32.62

9. Tenement Schedule

Project / Tenement	Location	Status	Interest
Musgrave Project	South Australia		
EL4850		Granted	100%
EL5175 (formerly EL3955)		Granted	100%
Corunna Project	South Australia		
EL5497		Granted	100%
Mamba Project	Western Australia		
E28/2405		Granted	100%
Cue Project	Western Australia		
E20/606		Granted	0% (MGV earning up to 80%)
E20/608		Granted	0% (MGV earning up to 80%)
E20/616		Granted	0% (MGV earning up to 80%)
E20/630		Granted	0% (MGV earning up to 80%)
E20/659		Granted	0% (MGV earning up to 80%)
E20/836		Granted	0% (MGV earning up to 80%)
E21/144		Granted	0% (MGV earning up to 80%)
E20/629		Granted	0% (MGV earning up to 80%)
E20/698		Granted	0% (MGV earning up to 80%)
E20/699		Granted	0% (MGV earning up to 80%)
E20/700		Granted	0% (MGV earning up to 80%)
E20/779		Granted	0% (MGV earning up to 80%)
E21/129		Granted	0% (MGV earning up to 80%)
E21/163		Granted	0% (MGV earning up to 80%)
E21/177		Granted	0% (MGV earning up to 80%)
E58/335		Granted	0% (MGV earning up to 80%)
M20/225		Granted	0% (MGV earning up to 80%)
M20/245		Granted	0% (MGV earning up to 80%)
M20/277		Granted	0% (MGV earning up to 80%)
M21/106		Granted	0% (MGV earning up to 80%)
M21/107		Granted	0% (MGV earning up to 80%)
M58/224		Granted	0% (MGV earning up to 80%)
M58/225		Granted	0% (MGV earning up to 80%)
P20/2038		Granted	0% (MGV earning up to 80%)
P20/2039		Granted	0% (MGV earning up to 80%)
P20/2040		Granted	0% (MGV earning up to 80%)
P20/2041		Granted	0% (MGV earning up to 80%)
P20/2042		Granted	0% (MGV earning up to 80%)
P20/2094		Granted	0% (MGV earning up to 80%)
P20/2219		Granted	0% (MGV earning up to 80%)
L20/57		Granted	0% (MGV earning up to 80%)
E58/507		Granted	100% MGV









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