ANNUAL REPORT 2017

MUSGRAVE
ASX : MGV
Minerals Ltd

CORPORATE DIRECTORY

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Non-Executive Chairman

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Managing Director

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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

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

Musgrave plans to grow through the discovery and development of gold and base metal resources.

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

Cover photo:

Panned gold from the Break of Day deposit, Cue Project in the Murchison region of Western Australia. Drill hole 17MORC002 (99-100mdh, assaying 244.1g/t Au)

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CHAIRMAN'S LETTER

Dear Fellow Shareholders,

On behalf of the Board of Directors, it is my pleasure to present the 2017 Annual Report for Musgrave Minerals Limited ("Musgrave" or "Company").

The year under review was exciting and progressive for the Company, with exploration success and results from the Cue Project supporting our aim to develop a low-cost future operation capable of delivering strong financial returns for shareholders.

The Cue Project is located in the well-endowed historical gold producing Murchison region of Western Australia that is host to three operating gold plants (and potentially a fourth in Tuckabianna) all of which are within trucking distance of our Project.

Building on the identification of high-grade gold mineralisation at Break of Day in 2016, aggressive drilling during the year culminated in a significant Mineral Resource increase at both Break of Day and Lena that together are now estimated to host over 352,000oz of gold. These Mineral Resource estimates will be used as the basis for development studies and the potential to further increase these resources remains strong.

Drilling continues at Break of Day to expand the high-grade mineralisation identified to date and our exploration team continues to identify high priority targets with the potential for new discoveries. For example, the Louise target, only 600m south of Break of Day, has the potential to be another high grade gold discovery and drilling is underway. In addition, initial drilling on base metal targets on the Northern portion of the Cue Project has returned high-grade zinc intersections along with elevated copper and gold.

Metallurgical test results from both Lena and Break of Day have been excellent and indicate high recoveries across a range of ore types using conventional processing techniques compatible with operating gold plants in the region.

The Company was pleased to increase its interest in the Cue Project by exercising its pre-emptive right to acquire Silver Lake Limited's remaining interest in the Project on equivalent terms to those proposed by Westgold Resources Ltd subsequent to the end of the year. As a result Musgrave now holds 100% of the core tenure that hosts all the gold and copper Mineral Resources on the Project.

Significant upside remains for further discoveries in both gold and copper-zinc at the Cue Project where the Company will continue to advance targets through discovery and extensional drilling programs. 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.

Musgrave successfully completed two capital raisings during the year to support its aggressive exploration program at Cue. Both attracted new investors to the Company and a concurrent Share Purchase Plan ("SPP") offered eligible shareholders the opportunity to acquire further shares in the Company on the same terms as the initial Placement. 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.

I would like to thank the staff, management, contractors and my fellow Directors for their ongoing efforts. 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. 2018 should be transformative for Musgrave as we expand our resource base, identify new discovery opportunities and advance on our objective to develop a low-cost future operation capable of delivering strong financial returns for shareholders.

Graham Ascough
Chairman

Break of Day

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.

Exploration activities for the financial year have been focused on the Company's Cue Project ("Cue Project" or "Project") in the Murchison region of Western Australia. The Company made significant progress following the discovery of high-grade gold at the Break of Day prospect and announced a significant Mineral Resource upgrade in July 2017.

Musgrave has completed more than 22,000m of drilling on the Project and has estimated a total Indicated and Inferred Mineral Resource at Break of Day and Lena of:
3.55Mt @ 3.09g/t Au for 352,000 ounces of gold
(see ASX announcement 14 July 2017, "Resource Estimate Exceeds 350koz Gold").

This initial estimate is a significant increase on the previous Lena (76koz Au) and Break of Day (21koz Au) Mineral Resource estimates (see ASX announcement 26 October 2016, *"2016 Annual Report – Replacement Report"*) and continues to support the Company's aim of developing a low-cost future operation capable of delivering strong financial returns for its shareholders. The Break of Day and Lena Mineral Resource estimates will be used as the basis for development studies.

Figure 1: Musgrave Minerals' Project Location Map

Further, the Company believes there is significant potential to extend existing mineralisation and also discover new high-grade mineralisation within the Project area as shown by recent drilling success.

The base metal potential of the northern part of the Cue Project has been highlighted by the recent discovery of high-grade zinc, copper, gold and silver mineralisation intersected near surface at the Mt Eelya prospect.

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

Corporate

During the past year, Musgrave spent $3.9 million on exploration activities.

On 6 July 2016, the Company completed a placement to sophisticated and professional investors of 12,711,864 shares at an issue price of 5.9 cents per share raising $750,000 before costs.

In July 2016 the Company also announced a fully underwritten Share Purchase Plan ("SPP") at the same issue price as the placement. 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 11 August 2016.

Under the terms and conditions of the SPP, on 16 August 2016 the Company completed a top-up placement to sophisticated and professional investors of 8,474,576 shares at an issue price of 5.9 cents per share raising $500,000 before costs.

On 19 May 2017, the Company completed a placement to sophisticated and professional investors of 40,000,000 shares at an issue price of 7.5 cents per share raising $3,000,000 before costs. Details of the changes in equity are disclosed in note 15 to the financial statements.

The Company continued to refine its exploration portfolio with the application of additional tenements in the Cue region and the sale for its Mamba Project in the Fraser Range of Western Australia. The consideration for the sale of the Mamba Project was 10 million shares and 10 million options in Legend Mining Ltd.

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

Musgrave continued its strong links with government and research organisations throughout the year in the regions in which it operates through the Centre for Exploration Targeting at the University of Western Australia.

Events since the end of the financial year

In June 2017 Silver Lake Resources Limited ("Silver Lake") announced that it had agreed to sell its Murchison assets (which included its interest in the Cue Project) to a wholly owned subsidiary of Westgold Resources Limited ("Westgold") (ASX:WGX) for total consideration of approximately $10 million.

On 18 July 2017, the Company announced that it had elected to exercise its pre-emptive right to acquire Silver Lake's remaining interest in the Cue Project on equivalent terms to those proposed by Westgold. The purchase of the interest was completed on 4 August 2017 for cash consideration of $1.5 million.

Musgrave now holds 100% of the core tenure on the Cue Project *(Figure 2)* including the tenure hosting all the gold and copper Mineral Resources *(see ASX announcement 4 August 2017, "Musgrave Secures 100% of Key Cue Tenure")*.

Exploration Activities

Significant results were achieved at the Cue Project during 2016-17 where exploration by the Company resulted in the discovery and delineation of a high-grade gold Mineral Resource at Break of Day and a significant upgrade to the Mineral Resource at Lena *(Table 1 and 3)*.

The Company intersected high-grade zinc mineralisation at the Mt Eelya prospect and copper-gold mineralisation at the Colonel Prospect on the northern tenements of the Cue Project.

A considerable exploration program is planned for the coming year with the objective of expanding the high-grade gold resource at Break of Day and drill testing of other high priority gold and base metal targets.

Exploration programs were also undertaken on the Corunna Project in South Australia where the Company has identified anomalous lead, zinc and silver in shallow aircore drilling.

Murchison

Cue Project - Key tenure now held 100% by Musgrave

In February 2017 the Company completed Stage 1 of the Cue Project Farm-In and Joint Venture Agreement with Silver Lake and Cue Minerals Pty Ltd ("CMPL"), a wholly owned subsidiary of Silver Lake, on the Cue Project in the highly prospective Murchison province of Western Australia. Under the Stage 1 terms of the Agreement, the Company earned a 60% interest in the Cue Project by meeting the $1,800,000 exploration expenditure requirement.

The Project is in close proximity to existing road infrastructure and within trucking distance of four operating gold plants.

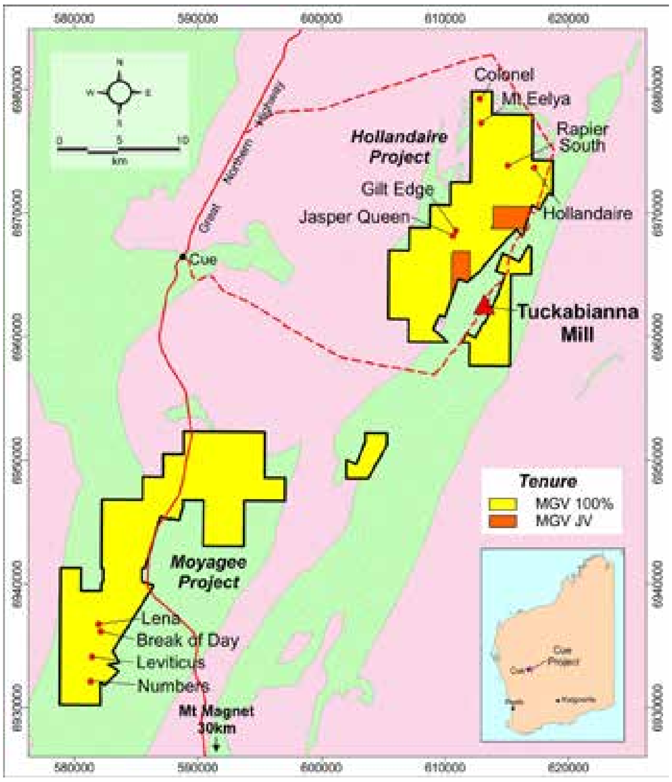

Figure 2: Cue Project locations and tenure

In July 2017 the Company completed Stage 2 of the Cue Project Farm-In and Joint Venture Agreement. Under the Stage 2 terms of the Agreement, the Company earned an 80% interest in the Cue Project by meeting the $1,800,000 exploration expenditure requirement.

On 4 August 2017 Musgrave Minerals completed the acquisition of Silver Lake's interest in the Cue Joint Venture after exercising its pre-emptive right. Musgrave now holds 100% of the core tenure *(Figure 2)* on the Cue Project including the tenure hosting the gold and copper Mineral Resources *(see ASX announcement 4 August 2017, "Musgrave Secures 100% of Key Cue Tenure")*.

Break of Day – High grade gold resource in close proximity to existing infrastructure

The Break of Day prospect *(Figure 2)* is part of the Moyagee Project at Cue that hosts a combined JORC (2012) and JORC (2004) compliant Mineral Resource of 3.87Mt @ 3.07g/t Au for 382,900oz contained gold within four separate deposits; Break of Day, Lena, Leviticus and Numbers *(Table 6)*.

As a result of recent drilling, Break of Day is currently the largest and highest grade deposit with a Mineral Resource of 868kt @ 7.15g/t Au for 199koz of contained gold *(MGV ASX announcement 14 July 2017, "Resource Estimate Exceeds 350koz Gold")*. It remains open along strike and down plunge.

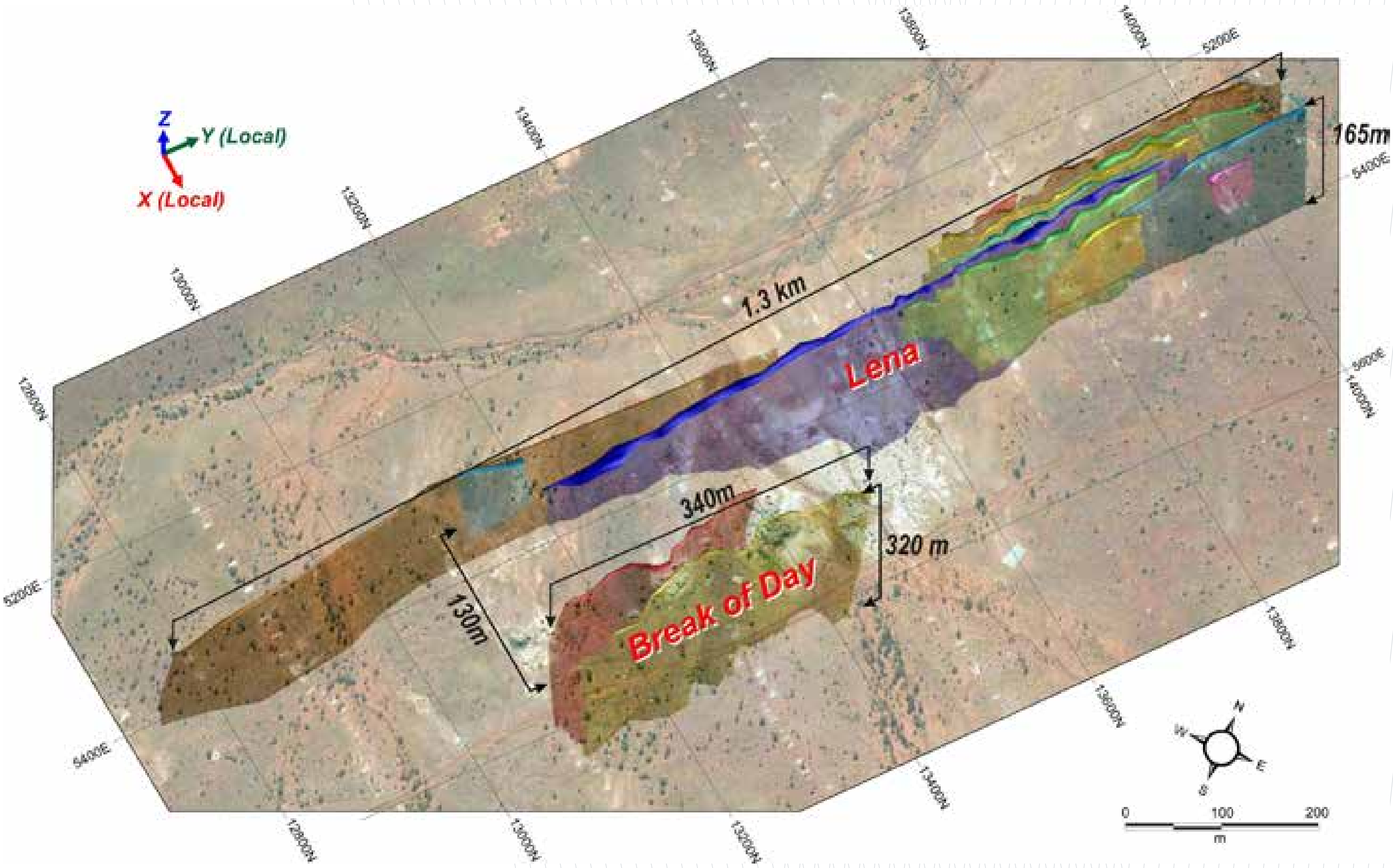

Figure 3: Schematic image showing Break of Day and Lena Mineral Resource models depicting multiple gold lodes on aerial photo

Table 1: Break of Day Mineral Resource by JORC Classification and reported above a cut-off grade of 3.0 g/t Au

JORC Classification	Tonnage ('000s)	Au (g/t)	Ounces Au
Indicated	445	7.73	111,000
Inferred	423	6.54	89,000
Total	868	7.15	199,000

** Due to the effects of rounding, the total may not represent the sum of all components*

Importantly 55% of the Mineral Resource estimate at Break of Day is classified at the higher confidence Indicated category. The majority of the Mineral Resource is comprised of fresh rock and a 3g/t Au reporting cut-off grade was used considering the majority of the deposit is more likely to be developed as an underground mine. The Mineral Resource is located on a granted mining lease.

Recent drilling has shown that the high-grade gold mineralisation in both lodes at Break of Day is still open in all directions *(Figure 4)*. There is significant potential to the south of Break of Day to extend the mineralisation at relatively shallow levels. Drilling recommenced in August to extend the mineralisation in this area and intersected a high grade gold intercept of 11m @ 54.0g/t Au from 217m down hole outside the current resource boundary. This intercept may repreent a new high-grade south plunging shoot.

Break of Day

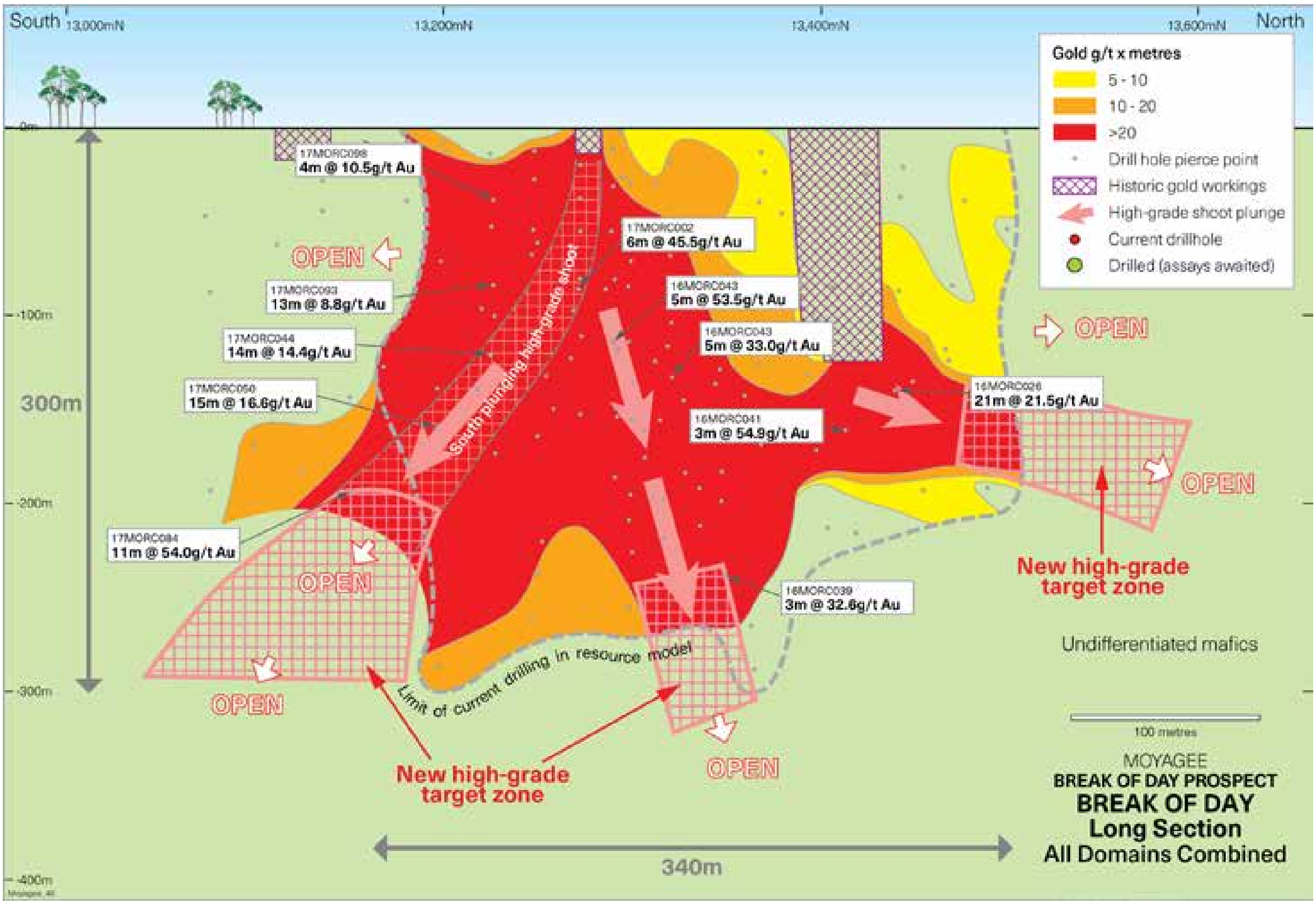

Figure 4: Break of Day schematic long section of the combined Twilight and Velvet gold lodes (a long section or longitudinal section is a section along the plane of the lode and in this instance shows gold grade x thickness variability with depth of the combined lodes) and the projected outline of the Lena deposit which is located approximately 130m west of Break of Day

Break of Day

Significant intersections drilled at Break of Day during the year are summarised in Table 2.

Table 2: Select high-grade gold drill hole intersections from the Break of Day deposit

Drill Hole #	Drill Type	Intersection	Down Hole Depth (From)	Prospect	Lode
16MORC007	RC	1m @ 33.5g/t Au	80m	Break of Day	Twilight
16MORC006	RC	2m @ 36.8g/t Au	101m	Break of Day	Twilight
16MORC012	RC	4m @ 12.3g/t Au	189m	Break of Day	Twilight
16MORC026	RC	21m @ 21.5g/t Au including	157m	Break of Day	Velvet
		6m @ 41.4g/t Au	157m		
		1m @ 32.6g/t Au	166m		
		3m @ 51.8g/t Au	170m		
16MORC039	RC	3m @ 38.6g/t Au including	274m	Break of Day	Twilight
		1m @ 100.5g/t Au	275m		
16MORC041	RC	3m @ 54.9g/t Au including	187m	Break of Day	Twilight
		1m @ 142.8g/t Au	188m		
16MORC043	RC	5m @ 53.5g/t Au including	138m	Break of Day	Velvet
		1m @ 183.1g/t Au	138m		
16MORC048	RC	5m @ 33.0g/t Au including	154m	Break of Day	Velvet
		1m @ 134.4g/t Au	155m		
16MORC048	RC	2m @ 41.5g/t Au	190m	Break of Day	Twilight
17MORC001	RC	11m @ 6.8g/t Au	23m	Break of Day	Velvet
17MORC002	RC	6m @ 46.5g/t Au including	99m	Break of Day	Velvet
		1m @ 244.1g/t Au	99m		
17MORC003	RC	1m @ 117.4g/t Au	173m	Break of Day	Twilight
17MORC006	RC	2m @ 16.2g/t Au	120m	Break of Day	Twilight
17MORC044	RC	14m @ 14.4g/t Au including	111m	Break of Day	Twilight
		1m @ 100.2g/t Au	111m		
17MORC050	RC	3m @ 22.4g/t Au	153m	Break of Day	Twilight
		15m @ 16.6g/t Au including	170m	Break of Day	Velvet
		7m @ 31.8g/t Au	173m		
17MORC053	RC	4m @ 28.5g/t Au including	99m	Break of Day	Twilight
		2m @ 54.1g/t Au	99m		
17MORC054	RC	4m @ 15.6g/t Au	173m	Break of Day	Twilight
17MORC056	RC	4m @ 22.4g/t Au	126m	Break of Day	Twilight
17MORC062	RC	1m @ 57.7g/t Au	294m	Break of Day	Twilight
17MORC084	RC	11m @ 54.0g/tAu including	217m	Break of Day	Twilight
		5m @ 109.6g/tAu	217m		
		4m @ 10.9g/tAu	223m		
16MODD001	Diam	6.6m @ 7.3g/t Au	127.35m	Break of Day	Twilight
16MODD002	Diam	3.2m @ 26.6g/t Au including	238.5m	Break of Day	Twilight
		1.0m @ 61.1g/t Au	239.5m		
16MODD003	Diam	4.0m @ 9.6g/t Au including	231.0m	Break of Day	Twilight
		1.0m @ 63.7g/t Au	231.93m		

Lena – Significant resource upgrade and room to grow

Drilling continued to intersect high-grade gold at Lena *(Table 4)* which culminated in a gold Mineral Resource estimate of 2,682kt @ 1.77g/t for 153koz of contained gold *(see ASX announcement 13 July 2017, "Resource Estimate Exceeds 350koz Gold")*.

The gold mineralisation is open along strike to the north and down plunge. The Resource is currently outlined over a strike extent of 1.3km and occurs from surface. The mineralisation at Lena is defined within 12 lenses which are within 300m below surface.

46% of the Mineral Resource Estimate at Lena is classified at the higher confidence Indicated category. The Lena Mineral Resource occurs from surface and has a significant component as oxide and transitional material. A 1g/t Au cut-off grade was used to estimate the resource as the deposit is most likely to be developed as an open-cut proposition.

Recent drilling has shown that the gold mineralisation is still open to the north and down plunge *(Figure 5)*. Significant intersections drilled at Lena during the year are summarised in *Table 4*.

Table 3: Lena Mineral Resource by JORC Classification and reported above a cut-off grade of 1.0 g/t Au

JORC Classification	Tonnage ('000s)	Au (g/t)	Ounces Au
Indicated	1,288	1.69	70,000
Inferred	1,394	1.85	83,000
Total	2,682	1.77	153,000

* *Due to the effects of rounding, the total may not represent the sum of all components*

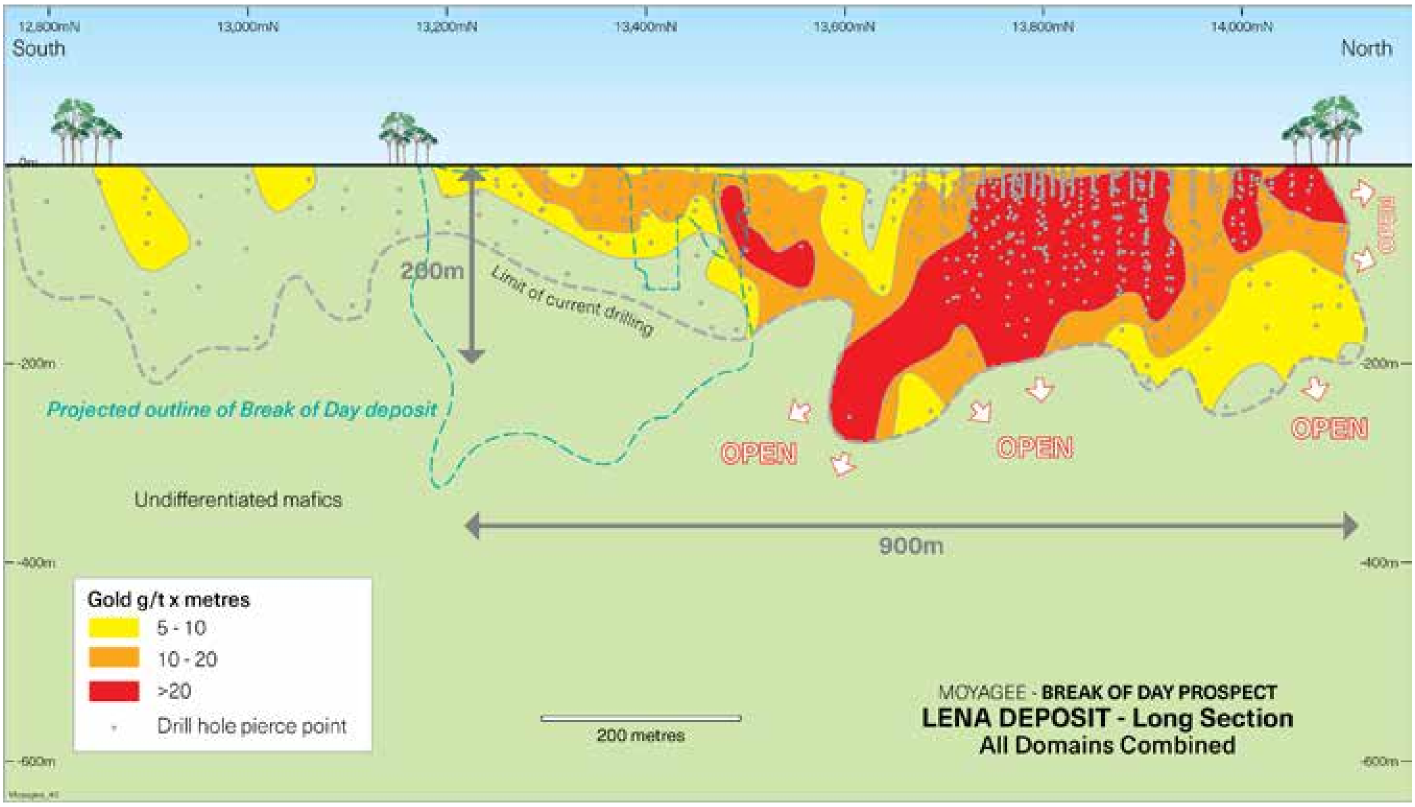

Figure 5: Lena schematic long section of all the combined gold lodes (a long section or longitudinal section is a section along the plane of the lode and in this instance shows gold grade x thickness variability with depth of the combined lodes) and the projected outline of the Break of Day deposit which is located approximately 130m east of Lena

Table 4: Select high-grade gold drill hole intersections from the Lena deposit

Drill Hole #	Drill Type	Intersection	Down Hole Depth (From)	Prospect
17MORC005	RC	7m @ 6.9g/t Au	80m	Lena
17MORC014	RC	3m @ 8.9g/t Au	29m	Lena
17MORC015	RC	2m @ 8.9g/t Au	16m	Lena
17MORC016	RC	2m @ 8.0g/t Au	67m	Lena
17MORC034	RC	8m @ 6.4g/t Au	13m	Lena
17MORC035	RC	2m @ 8.9g/t Au	46m	Lena
17MORC039	RC	6m @ 4.7g/t Au and	54m	Lena
		3m @ 7.7g/t Au	80m	
17MORC040	RC	2m @ 7.8g/t Au	58m	Lena
		3m @ 48.6g/t Au	80m	
17MORC045	RC	2m @ 7.7g/t Au	26m	Lena
17MORC073	RC	2m @ 12.4g/t Au	3m	Lena
17MORC074	RC	4m @ 8.0g/t Au	35m	Lena
17MORC076	RC	3m @ 7.2g/t Au	38m	Lena
17MORC079	RC	13m @ 9.7g/t Au including	61m	Lena
		1m @ 83.0g/t Au	62m	
16MODD003	Diam	3.3m @ 19.4g/t Au including	61.7m	Lena
		0.5m @ 97.0g/t Au	64.5m	

Metallurgy – Strong gold recoveries from Lena and Break of Day

Initial metallurgical test work was completed at Break of Day and Lena with very positive results. Three composite samples (unweathered, oxide and transitional) were collected from representative RC drill holes across the strike of the gold lodes at Lena. The samples were representative of the various gold lodes, ore types and feed grades for potential future mining and processing activities.

The test work has demonstrated very rapid leaching kinetics for all samples and overall recovery of approximately 95%-97% to produce a maximum leaching of gold before 24 hours. In addition, high gravity recoveries of between 34% and 73% were achieved from a single pass through the Knelson Concentrator.

At Break of Day three unweathered composite samples all returned very positive gold recoveries from preliminary test work from representative RC drill holes across the strike of the gold lodes.

The test work has demonstrated very rapid leaching kinetics for all samples and overall recovery of approximately 96% to produce a maximum leaching of gold after eight hours. In addition, high gravity recoveries averaging over 84% were achieved from a single pass through the Knelson Concentrator.

The test work was undertaken by ALS Metallurgical Laboratories in Balcatta, Western Australia and was managed and reviewed by CPC Project Design.

Exploration Upside and Other Targets

Single drill holes at two other gold prospects, Leviticus and Break of Day South, also intersected gold mineralisation *(Table 5)*.

Table 5: Select high-grade gold drill hole intersections from the Break of Day South and Leviticus Prospects

Drill Hole #	Drill Type	Intersection	Down Hole Depth (From)	Prospect
16MORC058	RC	4m @ 4.0g/t Au	103m	Leviticus
16MORC057	RC	3m @ 3.5g/t Au	72m	Break of Day South

RC drilling recommenced in August to extend the Break of Day mineralisation to the south of the currently defined resource and to test the new Louise gold-in soil target located 600m south of Break of Day *(Figure 6)*.

A review of shallow historical rotary air-blast ("RAB") and aircore drilling has defined an 8km long zone of anomalous gold (>0.1g/t Au) associated with the Lena and Break of Day shear zones *(Figure 6)*. The Mineral Resources at Lena and Break of Day occur within this anomalous zone, and there is excellent potential to discover further high-grade gold resources along the Lena and Break of Day shears, beyond those defined to date. Individual targets along the Lena and Break of Day shears are currently being prioritised for further drilling.

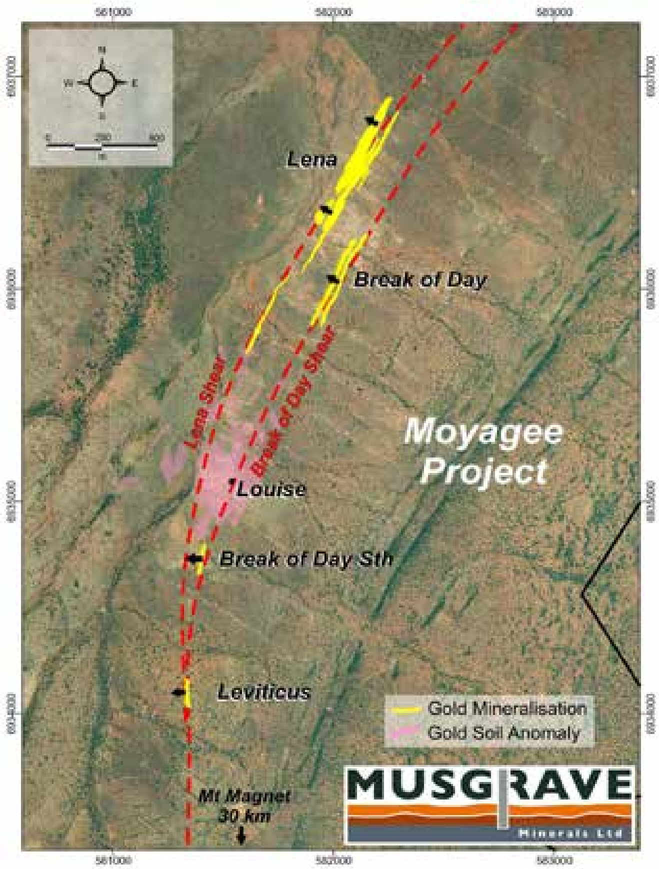

Figure 6: Plan of the Moyagee Project area showing the surface projection of the Break of Day and Lena Mineral Resource outlines, prospects and the anomalous gold corridor

Base-metals Exploration – Three targets return significant base metal and gold intercepts

Musgrave intersected significant high-grade zinc, copper, gold and silver mineralisation at the Mt Eelya and Colonel Prospects *(Figure 7)* on the northern Hollandaire area of the Cue Project.

The base metals and gold focused drilling program was completed in late May and comprised 16 drill holes for a total of 2,720m.

Three targets returned significant base metals and gold-silver intercepts at the Mt Eelya and Colonel prospects. All three targets are all still open with significant upside potential. Down hole electromagnetic (DHEM) surveys are currently being planned to better define the potential extent of the base metals mineralisation.

Musgrave has secured co-funding for the drilling through the Western Australian Government Exploration Incentive Scheme (EIS).

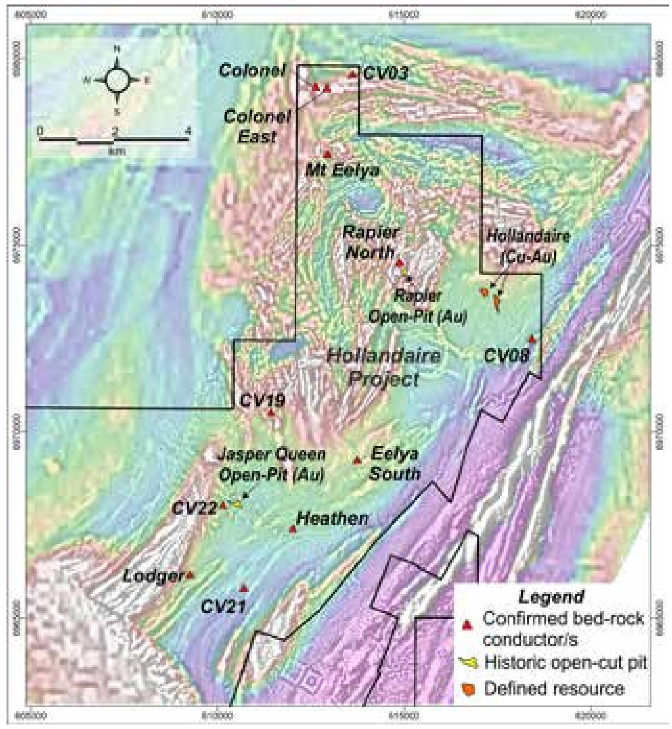

Figure 7: Plan showing locations of the base metals targets, including Mt Eelya and Colonel on aeromagnetic image

Mt Eelya – High-grade Zn intersected

Two RC drill holes were completed at the Mt Eelya prospect with both intersecting significant shallow zinc, copper, gold and silver mineralisation *(Figure 8)*.

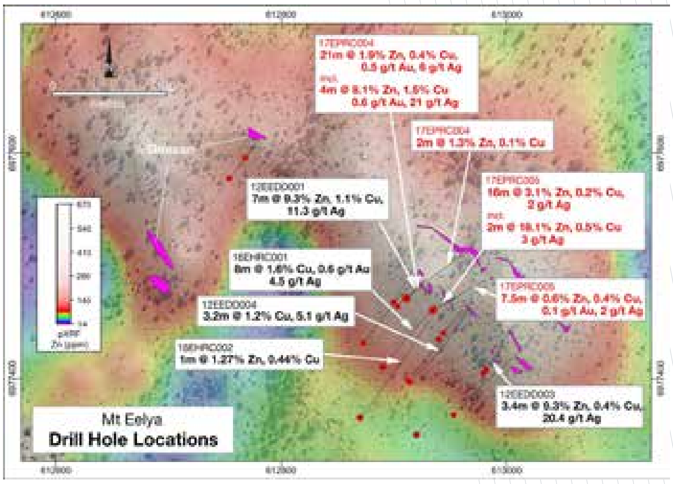

Figure 8: Plan showing drill hole locations for the Mt Eelya target with Zn from pXRF soil geochemistry overlaying aerial photography

The best intersection was **16m @ 3.1% Zn, 0.2% Cu, 0.1g/t Au** and **2g/t Ag** from 12m down hole (17EPRC005), including a very high-grade zone of **2m @ 18.1% Zn** and **0.5% Cu** from 17m down hole.

Drill hole 17EPRC004 drilled 25 metres northwest of 17EPRC005, intersected: **21m @ 1.9% Zn, 0.4% Cu, 0.5g/t Au** and **6g/t Ag** from 21m down hole, including a high-grade zone of **4m @ 8.1% Zn** and **1.5% Cu, 0.6g/t Au** and **21g/t Ag** from 30m down hole.

These shallow intersections highlight the near surface base metals potential at Mt Eelya. The mineralisation is open along strike and down plunge.

Gossanous float, the weathered product of sulphide mineralisation, can be traced at surface over a strike of approximately 500m at Mt Eelya *(Figure 8)*. The gossan forms intermittent but subparallel zones. A DHEM survey is planned to better define the conductors and related sulphide mineralisation along strike and at depth.

Colonel – Strong base metal potential

Three RC drill holes were completed over three separate conductive EM targets at the Colonel Prospect *(Figure 7)* with two drill holes confirming the presence of significant copper and zinc sulphide and gold mineralisation. The conductive targets at Colonel and Colonel East *(Figure 9)* were identified through airborne and surface EM surveys. Drill hole 17EPRC001 at Colonel intersected; **6m @ 1.0% Cu, 1.7g/t Au** and **11g/t Ag** from 60m down hole. Drill hole 17EPRC002 drilled 300m to the south east of 17EPRC001 at Colonel East intersected: **6m @ 1.1g/t Au, 0.2% Cu, 1.6% Zn** and **4g/t Ag** from 233m down hole. These intersections are the first drill holes into these EM targets, which cover a 600m strike extent *(Figure 8)* and highlight the base metal potential of the area. The mineralisation is open along strike and down plunge.

A DHEM survey is planned to better define the conductors (sulphide mineralisation) along strike and at depth.

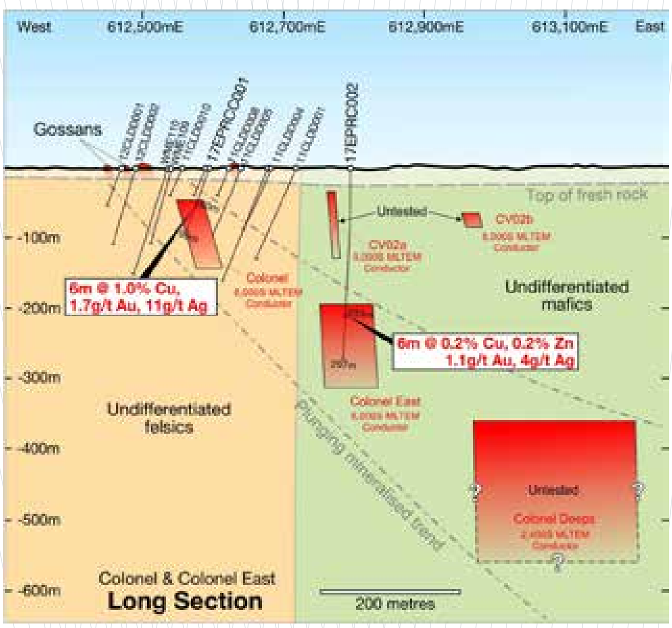

Figure 9: Colonel long section (vertical section through plane of mineralisation)

Other Projects

Musgrave currently holds tenements in the central Musgrave and southern Gawler Craton regions of South Australia. Only limited field activity was completed on these projects during the period.

Panned gold 17MORC002, 99-100mdh

Table 6: Summary of JORC Resources and Reserves for the Cue Project

Gold Mineral Resources

14 July 2017	**Indicated Resources**			**Inferred Resources**			**Total Resources**		
Deposit	**Tonnes '000s**	**Au g/t**	**oz. Au '000s**	**Tonnes '000s**	**Au g/t**	**oz. Au '000s**	**Tonnes '000s**	**Au g/t**	**oz. Au '000s**
Moyagee									
Break of Day	445	7.73	111	423	6.54	89	868	7.15	199
Lena	1,288	1.69	70	1,393	1.85	83	2.682	1.77	153
Leviticus				42	6.0	8	42	6.00	8
Numbers				278	2.5	22	278	2.46	22
Total Moyagee	**1,733**	**3.24**	**181**	**2,137**	**2.94**	**202**	**3,870**	**3.07**	**382**
Eelya									
Hollandaire	473	1.4	21	45	1.1	2	518	1.35	22
Rapier South				171	2.2	12	171	2.15	12
Total Eelya	**473**	**1.4**	**21**	**216**	**1.9**	**13**	**688.9**	**1.55**	**34**
Tuckabianna									
Jasper Queen				175	2.6	15	175	2.60	15
Gilt Edge				96	3.1	9	96	3.06	9
Total Project	**2,269**	**2.84**	**202**	**2,623**	**2.84**	**234**	**4,830**	**2.84**	**440**

Copper Mineral Resources

14 July 2017	**Indicated Resources**			**Inferred Resources**			**Total Resources**		
Deposit	**Tonnes '000s**	**Grade %**	**Tonnes Cu '000s**	**Tonnes '000s**	**Grade %**	**Tonnes Cu '000s**	**Tonnes '000s**	**Grade %**	**Tonnes Cu '000s**
Hollandaire									
Copper	1,891	2.0	38	122	1.4	2	2,013	2.0	40

Silver Mineral Resources

14 July 2017	**Indicated Resources**			**Inferred Resources**			**Total Resources**		
Deposit	**Tonnes '000s**	**Grade g/t**	**oz. Ag '000s**	**Tonnes '000s**	**Grade g/t**	**oz. Ag '000s**	**Tonnes '000s**	**Grade g/t**	**oz. Ag '000s**
Hollandaire									
Silver	1,925	6.3	390	728	4.7	110	2653	5.9	500

Reserves

Copper Ore Reserves

14 July 2017	**Proved Reserves**			**Probable Reserves**			**Total Reserves**		
Deposit	**Tonnes '000s**	**Grade %**	**Tonnes Cu '000s**	**Tonnes '000s**	**Grade %**	**Tonnes Cu '000s**	**Tonnes '000s**	**Grade %**	**Tonnes Cu '000s**
Hollandaire									
Copper				442	3.3	15	442	3.3	15

Silver Ore Reserves

14 July 2017	**Proved Reserves**			**Probable Reserves**			**Total Reserves**		
Deposit	**Tonnes '000s**	**Grade g/t**	**oz. Ag '000s**	**Tonnes '000s**	**Grade g/t**	**oz. Ag '000s**	**Tonnes '000s**	**Grade g/t**	**oz. Ag '000s**
Hollandaire									
Silver				574	8.2	151	574	8.2	151

** Due to the effects of rounding, the total may not represent the sum of all components*

Notes to Table 6:

The Break of Day and Lena Mineral Resources at Moyagee are produced in accordance with the 2012 Edition of the Australian Code of Reporting of Mineral Resources and Ore Reserves (JORC 2012). The remaining Mineral Resources and Ore Reserve estimates were first prepared and disclosed in accordance with the 2004 Edition of the Australian Code of Reporting of Mineral Resources and Ore Reserves (JORC 2004) and have not been updated since to comply with JORC 2012 on the basis that the information has not materially changed since it was last reported. For further details refer to Musgrave Minerals Ltd (MGV) ASX announcement 14 July 2017, "Resource Estimate Exceeds 350koz Gold" and Silver Lake Resources Limited (SLR) ASX Announcement 26 August 2016, "Mineral Resources and Ore Reserves Update".

Mineral Resources and Ore Reserves

The information in this report that relates to Mineral Resources at Break of Day and Lena is based on information compiled by Mr Aaron Meakin. Mr Meakin is a full-time employee of CSA Global Pty Ltd and is a Member of the Australasian Institute of Mining and Metallurgy. Mr Meakin has sufficient experience relevant to the style of mineralisation and type of deposit under consideration and to the activity which he is undertaking to qualify as Competent Persons as defined in the 2012 edition of the Australasian Code for the Reporting of Exploration Results, Mineral Resources and Ore Reserves (JORC Code). Mr Meakin consents to the disclosure of the information in this report in the form and context in which it appears.

The information in this report that relates to the Hollandaire, Rapier South, Jasper Queen, Gilt edge, Leviticus and Numbers Mineral Resource and Ore Reserve Estimates is extracted from the report created by Silver Lake Resources Limited entitled "Mineral Resources and Ore Reserves Update", 26 August 2016 and is available to view on Silver lake's website (www.silverlakeresources.com.au) and the ASX (www.asx.com.au). The Company confirms that it is not aware of any new information or data that materially affects the information included in the original market announcement and, in the case of estimates of Mineral Resources and Ore Reserves, that all material assumptions and technical parameters underpinning the estimates in the relevant market announcement continue to apply and have not materially changed. The Company confirms that the form and context in which the Competent Person's findings are presented have not been materially modified from the original market announcement.

Exploration Results

The information in this presentation that relates to Exploration Results is based on information compiled and thoroughly reviewed by Mr Robert Waugh. Mr Waugh is a Fellow of the Australasian Institute of Mining and Metallurgy (FAusIMM) and a Member of the Australian Institute of Geoscientists (MAIG). Mr Waugh is Managing Director of Musgrave Minerals Ltd. Mr Waugh has sufficient industry experience to qualify as a Competent Person as defined in the 2012 Edition of the 'Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves'. Mr Waugh consents to the inclusion in the report of the matters based on his information in the form and context in which it appears.

Forward Looking Statements

This document may contain certain forward-looking statements. Forward-looking statements include, but are not limited to statements concerning Musgrave Minerals Limited's (Musgrave's) current expectations, estimates and projections about the industry in which Musgrave operates, and beliefs and assumptions regarding Musgrave's future performance. When used in this document, words such as "anticipate", "could", "plan", "estimate", "expects", "seeks", "intends", "may", "potential", "should", and similar expressions are forward-looking statements. Although Musgrave believes that its expectations reflected in these forward-looking statements are reasonable, such statements are subject to known and unknown risks, uncertainties and other factors, some of which are beyond the control of Musgrave and no assurance can be given that actual results will be consistent with these forward-looking statements.

TENEMENT SCHEDULE

Tenement	Project	Location	Status	Interest
EL5175	Musgrave	South Australia	Granted	100%
EL5497	Corunna	South Australia	Granted	100%
E58/507	Cue	Western Australia	Granted	100%
P58/1709	Cue	Western Australia	Granted	100%
P58/1710	Cue	Western Australia	Granted	100%
E21/194	Cue	Western Australia	Granted	100%
E20/606	Cue	Western Australia	Granted	100%
E20/608	Cue	Western Australia	Granted	100%
E20/616	Cue	Western Australia	Granted	100%
E20/630	Cue	Western Australia	Granted	72%
E20/659	Cue	Western Australia	Granted	72%
E20/836	Cue	Western Australia	Granted	100%
E21/144	Cue	Western Australia	Granted	100%
E20/629	Cue	Western Australia	Granted	100%
E20/698	Cue	Western Australia	Granted	100%
E20/699	Cue	Western Australia	Granted	100%
E20/700	Cue	Western Australia	Granted	100%
E21/129	Cue	Western Australia	Granted	100%
E21/177	Cue	Western Australia	Granted	100%
E58/335	Cue	Western Australia	Granted	100%
M20/225	Cue	Western Australia	Granted	100%
M20/245	Cue	Western Australia	Granted	100%
M20/277	Cue	Western Australia	Granted	100%
M21/106	Cue	Western Australia	Granted	100%
M21/107	Cue	Western Australia	Granted	100%
M58/224	Cue	Western Australia	Granted	100%
M58/225	Cue	Western Australia	Granted	100%
P20/2094	Cue	Western Australia	Granted	100%
P20/2219	Cue	Western Australia	Granted	100%
P20/2279	Cue	Western Australia	Granted	100%
L20/57	Cue	Western Australia	Granted	100%

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 2017.

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 2017 was $5,240,475 (2016: $6,105,944).

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 Report.

Exploration and evaluation costs totalling $4,749,163 (2016: $6,191,926) were impaired during the year. The impaired exploration and evaluation costs primarily comprise previously capitalised costs in relation to some Musgrave Project tenements in South Australia which were relinquished.

As at 30 June 2017 the Group had net assets of $8,775,705 (2016: $7,891,589) including cash and cash equivalents of $3,560,365 (2016: $2,075,224).

Significant changes in the state of affairs

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

On 6 July 2016, the Company completed a placement to sophisticated and professional investors of 12,711,864 shares at an issue price of 5.9 cents per share raising $750,000 before costs.

In July 2016 the Company also announced a fully underwritten Share Purchase Plan ("SPP"). 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 11 August 2016 raising $1,983,998 before costs.

Under the terms and conditions of the SPP, on 16 August 2016 the Company completed a top-up placement to sophisticated and professional investors of 8,474,576 shares at an issue price of 5.9 cents per share raising $500,000 before costs.

In February 2017, the Company completed Stage 1 of the Cue Project Farm-In and Joint Venture Agreement ("Agreement") with Silver Lake and Cue Minerals Pty Ltd ("CMPL"), a wholly owned subsidiary of Silver Lake, on the Cue Project in the highly prospective Murchison province of Western Australia. Under the Stage 1 terms of the Agreement, the Company earned a 60% interest in the Cue Project by meeting the $1,800,000 exploration expenditure requirement.

On 19 May 2017, the Company completed a placement to sophisticated and professional investors of 40,000,000 shares at an issue price of 7.5 cents per share raising $3,000,000 before costs. Details of the changes in equity are disclosed in note 15 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

In June 2017 Silver Lake announced that it had agreed to sell its Murchison assets (which includes its 40% interest in the Cue Project with the Company) to a wholly owned subsidiary of Westgold Resources Limited ("Westgold") (ASX:WGX) for total consideration of approximately $10 million.

In July 2017 the Company completed Stage 2 of the Cue Project Farm-In and Joint Venture Agreement with Silver Lake and CMPL, a wholly owned subsidiary of Silver Lake, on the Cue Project. Under the Stage 2 terms of the Agreement, the Company earned a 80% interest in the Cue Project by meeting the $1,800,000 exploration expenditure requirement.

On 18 July 2017, the Company announced that it had elected to exercise its pre-emptive right to acquire Silver Lake's remaining interest in the Cue Project on equivalent terms to those proposed by Westgold. The purchase of the interest was completed on 4 August 2017 for cash consideration of $1.5 million.

Musgrave now holds 100% of the core tenure on the Cue Project including the tenure hosting all the gold and copper Mineral Resources *(see ASX announcement 4 August 2017, "Musgrave Secures 100% of Key Cue Tenure")*.

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 2017. 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	
Graham Ascough is a senior resources executive with more than 27 years of industry experience evaluating mineral projects and resources in Australia and overseas. He has had broad industry involvement ranging from playing a leading role in setting the strategic direction for significant country-wide exploration programs to working directly with mining and exploration companies. Mr Ascough is a geophysicist by training and was the Managing Director of ASX listed Mithril Resources 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). He is a Member of the Australian Institute of Mining and Metallurgy, and is a Professional Geoscientist of Ontario, Canada.	
Other current directorships	
Mithril Resources Ltd (Appointed 9 October 2006) PNX Metals Ltd (Appointed 10 December 2012) Sunstone Metals Ltd (Appointed 29 November 2013)	
Former directorships in last 3 years	
None	
Special responsibilities	
Chair of the Board Member of the Audit Committee	
Interests in shares and options	
Ordinary Shares – Musgrave Minerals Limited	849,237
Unlisted Options – Musgrave Minerals Limited	750,000

Mr Robert Waugh	
MSc, BSc, FAusIMM, MAIG. *(Managing Director), Director since 6 March 2011*	
Experience and expertise 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. He was subsequently Project Manager of the team that defined the initial resource at Nebo-Babel. 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 gold, nickel, copper, uranium and PGMs. Mr Waugh holds a Bachelor of Science degree majoring in geology from the University of Western Australia and a Master of Science in Mineral Economics from Curtin University and the Western Australian School of Mines. Mr Waugh is a Fellow of the Australasian Institute of Mining and Metallurgy and a Member of the Australian Institute of Geoscientists.	
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	2,000,000

Mrs Kelly Ross	
BBus, CPA, AGIA. *(Non-Executive Director), Director since 26 May 2010*	
Experience and expertise Mrs Kelly Ross is a qualified accountant holding a Bachelor of Business (Accounting) and has the designation CPA from the Australian Society of Certified Practicing Accountants. Mrs Ross is a Chartered Secretary with over 25 years' experience in accounting and administration in the mining industry. Mrs Ross was a senior accountant at Resolute Ltd from 1987 to 2000 during which time Resolute became a gold producer in Ghana, Tanzania and at several mines in Western Australia. Mrs Ross was the Company Secretary of Independence Group NL ("IGO") for 10 years from 2001 to 2011. IGO listed on the ASX in 2002 and commenced mining at the Long Nickel Mine during that year. Mrs Ross was a Director of IGO for 12 years from 2002 to 2014. Mrs Ross retired from the Board of IGO on 24 December 2014. Mrs Ross was appointed a Director of Musgrave Minerals on 26 May 2010 and is the Chairman of the Audit Committee.	
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	500,000

RC drill bits – Break of Day

Mr John Percival.	
(Non-Executive Director), Director since 26 May 2010	
Experience and expertise 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 since 2000 has been an Executive Director. In May 2014 Goldsearch changed direction and Mr Percival resigned his executive position. Mr Percival resigned from the Goldsearch Board in April 2017.	
Other current directorships None	
Former directorships in last 3 years Zoono Group Limited (formerly Goldsearch Ltd) (Resigned 26 April 2017)	
Special responsibilities Member of the Audit Committee	
Interests in shares and options	
Ordinary Shares – Musgrave Minerals Limited	554,237
Unlisted Options – Musgrave Minerals Limited	500,000

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 numbers of meetings of the Company's Board of Directors and of each Board committee held during the year ended 30 June 2017, and the numbers of meetings attended by each Director were:

	Board of Directors		Audit Committee	
	A	B	A	B
Graham Ascough	9	9	2	2
Robert Waugh	9	9	n/a	n/a
Kelly Ross	9	9	2	2
John Percival	9	9	2	2

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

Mrs Kelly Ross, being the Director retiring by rotation who, being eligible, will offer herself for re-election at the 2017 Annual General Meeting.

REMUNERATION REPORT (Audited)

The Directors present the Musgrave Minerals Limited 2017 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 2016 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

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 2017.

(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. The Board believes participation in the Company's Employee Share Option Plan motivates 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 2016 Annual General Meeting

Musgrave Minerals Limited received more than 92% of "yes" votes on its remuneration report for the 2016 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.

	Short-term employment benefits			Post-employment benefits	Share-based payments		
	Salary & fees $	Bonus $	Non-Monetary Benefit $	Super-annuation $	Options $	Total $	Options %
2017							
Directors							
G Ascough	65,000	–	–	–	49,460	114,460	43.2
R Waugh	266,055	53,211	–	30,330	139,973	489,569	28.6
K Ross	45,000	–	–	4,275	32,973	82,248	40.1
J Percival	45,000	–	–	4,275	32,973	82,248	40.1
Executives							
P Farr	40,440	6,000	–	–	–	46,440	–
Totals	**461,495**	**59,211**	–	**38,880**	**255,379**	**814,965**	
2016							
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

(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 an Executive Services Agreement. Under the agreement the Company agrees to employ Mr Waugh as Managing Director of the Company with a base salary of $268,715 plus statutory superannuation. 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*

Ms 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 $40,440 (plus bonus of $6,000) and were charged at usual commercial rates on a daily basis. The agreement may be terminated by either party on three (3) months' written notice.

(i) Details of share-based compensation and bonuses

Options

Options over ordinary shares in Musgrave Minerals Limited 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.

The terms and conditions of each grant of options affecting remuneration in the current or future reporting periods are set out below.

Option series	Grant date	Vesting and exercise date	Expiry date	Exercise price	Value per option at grant date	% Vested
F	6 Mar 2013	6 Mar 2013	5 Mar 2018	$0.25	$0.0431	100%
H	11 Mar 2014	11 Mar 2014	10 Mar 2019	$0.12	$0.0522	100%
J	16 Sep 2015	16 Sep 2015	10 Mar 2019	$0.12	$0.0046	100%
L	16 Sep 2015	16 Sep 2015	23 Mar 2018	$0.25	$0.0010	100%
M	22 Apr 2016	22 Apr 2016	22 Apr 2021	$0.045	$0.0194	100%
N	4 Nov 2016	4 Nov 2016	22 Apr 2021	$0.045	$0.0923	100%
O	4 Nov 2016	4 Nov 2016	3 Nov 2019	$0.167	$0.0659	100%
P	4 Nov 2016	4 Nov 2016	3 Nov 2021	$0.195	$0.0628	100%

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 24 to the financial statements.

Bonus

During the year the Board awarded a Discovery Bonus to the Managing Director and staff being 20% of base salary. The bonus was in recognition of the successful discovery of the high-grade Break of Day gold deposit.

(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 by key management personnel of the Group, including their close family members and entities related to them.

Options

	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
2017								
Directors								
G Ascough	–	750,000	–	–	750,000	–	750,000	–
R Waugh	–	2,000,000	–	–	2,000,000	–	2,000,000	–
K Ross	–	500,000	–	–	500,000	–	500,000	–
J Percival	–	500,000	–	–	500,000	–	500,000	–
	–	3,750,000	–	–	3,750,000	–	3,750,000	–

Shareholdings

	Opening Balance 1 July	Granted as remuneration	Options exercised	Net change other	Balance at 30 June
2017					
Directors					
G Ascough	595,000	–	–	254,237	849,237
R Waugh	561,000	–	–	254,237	815,237
K Ross	50,000	–	–	50,847	100,847
J Percival	200,000	–	–	354,237	554,237
	1,406,000	–	–	913,558	2,319,558

(k) Loans to key management personnel

There were no loans to individuals or any key management personnel 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
6 March 2013	5 March 2018	$0.25	500,000
16 September 2015	23 March 2018	$0.25	75,000
11 March 2014	10 March 2019	$0.12	300,000
16 September 2015	10 March 2019	$0.12	250,000
22 April 2016	22 April 2021	$0.045	500,000
4 November 2016	22 April 2021	$0.045	400,000
4 November 2016	3 November 2019	$0.167	2,550,000
4 November 2016	3 November 2021	$0.195	800,000
			5,375,000

No option holder has any right under the options to participate in any other share issue of the Company or any other entity. During the year 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 2017 Corporate Governance Statement has been released as a separate document and is located on the Company's website at http://www.musgraveminerals.com.au/corporate-governance.

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 19. During the year ended 30 June 2017 no fees were paid or were payable for non-audit services provided by the auditor of the consolidated entity (2016: $Nil).

Auditor's Independence Declaration

A 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.

Graham Ascough

Chairman

Perth, 8 September 2017

Grant Thornton

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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 2017, I declare that, to the best of my knowledge and belief, there have been:

a no contraventions of the auditor independence requirements of the Corporations Act 2001 in relation to the audit; and

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

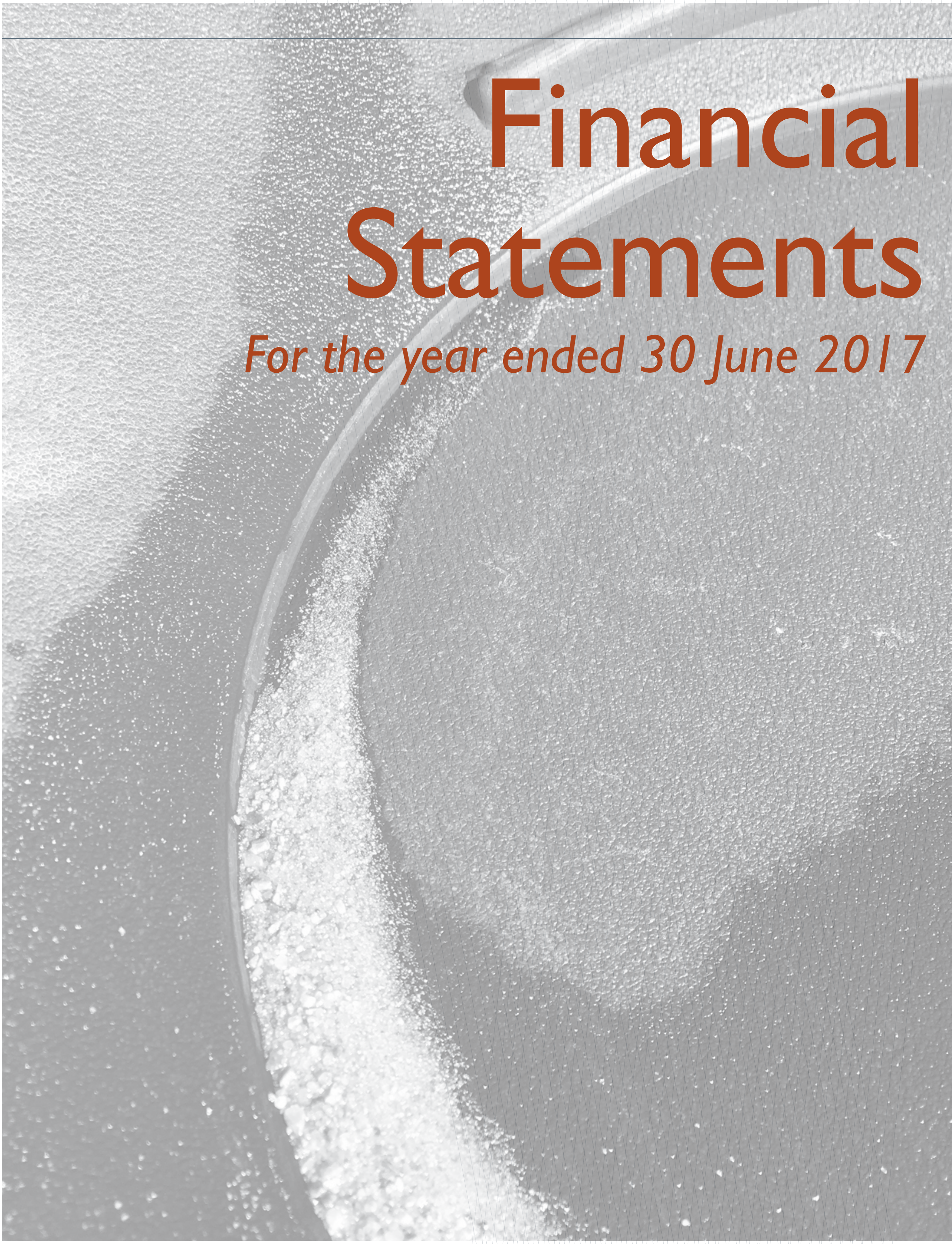
Grant Thornton

GRANT THORNTON AUDIT PTY LTD
Chartered Accountants

C A Becker
Partner - Audit & Assurance

Perth, 08 September 2017

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



Financial Statements

For the year ended 30 June 2017

Consolidated Statement of Profit or Loss and Other Comprehensive Income

For the year ended 30 June 2017

	Notes	Consolidated 2017 $	2016 $
Revenue from operating activities	3 (a)	**125,625**	76,492
Employee benefits expense	3 (b)	**(507,247)**	(277,958)
Depreciation expense		**(14,630)**	(22,954)
Impairment expense	11	**(4,749,163)**	(6,191,926)
Funds misappropriated	3(c)	**–**	100,000
Other expenses	3(d)	**(327,426)**	(302,760)
Change in fair value of derivative financial instruments	9(a)	**(4,000)**	–
Loss from continuing operations before income tax		**(5,476,841)**	(6,619,106)
Income tax benefit	5	**236,366**	513,162
Loss after income tax for the period attributable to the owners of Musgrave Minerals Limited		**(5,240,475)**	(6,105,944)
Other comprehensive income			
Items that may be reclassified to profit or loss			
Changes in the fair value of available for sale financial assets	9(b)	**16,789**	–
Other comprehensive income for the period, net of tax		**16,789**	–
Total comprehensive loss for the period attributable to the owners of Musgrave Minerals Limited		**(5,223,686)**	(6,105,944)
		Cents per share	Cents per share
Loss per share attributable to the owners of Musgrave Minerals Limited			
- basic loss per share	18	**2.92**	**4.95**
- diluted loss per share	18	**2.92**	**4.95**

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 2017

	Notes	Consolidated 2017 $	2016 $
ASSETS			
Current Assets			
Cash and cash equivalents	6	**3,560,365**	2,075,224
Trade and other receivables	7	**435,795**	43,512
Other current assets	8	**10,307**	12,588
Derivative financial instruments	9 (a)	**37,000**	–
Total Current Assets		**4,043,467**	2,131,324
Non-Current Assets			
Available for sale financial assets	9 (b)	**140,000**	–
Property, plant and equipment	10	**48,810**	63,440
Exploration and evaluation	11	**5,022,031**	6,020,245
Total Non-Current Assets		**5,210,841**	6,083,685
TOTAL ASSETS		**9,254,308**	8,215,009
LIABILITIES			
Current Liabilities			
Trade and other payables	13	**389,372**	243,536
Short-term provisions	14	**78,993**	47,525
Total Current Liabilities		**468,365**	291,061
Non-Current LiabilitiesLong-term provisions	14	**10,238**	32,359
Total Non-Current Liabilities		**10,238**	32,359
TOTAL LIABILITIES		**478,603**	323,420
NET ASSETS		**8,775,705**	7,891,589
EQUITY			
Contributed equity	15	**32,646,322**	26,793,899
Reserves	16	**320,283**	64,503
Accumulated losses	17	**(24,190,900)**	(18,966,813)
TOTAL EQUITY		**8,775,705**	7,891,589

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 2017

	Attributable to equity holders of the entity				
	Issued Capital $	**Options Reserve $**	**Assets Held for Sale Reserve $**	**Accum. Losses $**	**Total Equity $**
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 employee options	–	14,798	–	–	14,798
Lapse of options	–	(2,809,000)	–	2,809,000	–
At 30 June 2016	**26,793,899**	**64,503**	**–**	**(18,966,813)**	**7,891,589**
At 1 July 2016	**26,793,899**	**64,503**	**–**	**(18,966,813)**	**7,891,589**
Total comprehensive loss for the period	–	–	–	(5,240,475)	(5,240,475)
Other comprehensive income	–	–	16,789		16,789
Total comprehensive loss for the period net of tax			16,789	**(5,240,475)**	**(5,223,686)**
Transactions with owners in their capacity as owners					
Issue of shares	6,242,998	–	–	–	6,242,998
Transaction costs of issuing shares	(390,575)	–	–	–	(390,575)
Transfer from share option reserve:					
- due to exercise of options	–	(3,870)	–	3,870	–
-due to expiry of options	–	(12,518)	–	12,518	–
Issue of options to directors	–	255,379	–	–	255,379
At 30 June 2017	**32,646,322**	**303,494**	**16,789**	**(24,190,900)**	**8,775,705**

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 2017

	Notes	Consolidated 2017 $	2016 $
CASH FLOWS FROM OPERATING ACTIVITIES			
Payments to suppliers and employees		**(627,092)**	(693,811)
Interest received		**68,554**	82,483
Misappropriated funds recovered		**–**	100,000
Research and development tax rebate received		**–**	513,162
NET CASH FLOWS FROM/(USED IN) OPERATING ACTIVITIES	25	**(558,538)**	1,834
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		**(3,808,744)**	(1,668,545)
NET CASH FLOWS USED IN INVESTING ACTIVITIES		**(3,808,744)**	(1,664,013)
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from issue of shares		**6,233,998**	–
Proceeds from exercise of options		**9,000**	–
Share issue costs		**(390,575)**	–
NET CASH FLOWS FROM FINANCING ACTIVITIES		**5,852,423**	–
Net increase / (decrease) in cash and cash equivalents		**1,485,141**	(1,662,179)
Cash and cash equivalents at beginning of period		**2,075,224**	3,737,403
CASH AND CASH EQUIVALENTS AT END OF PERIOD	6	**3,560,365**	2,075,224

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

1. CORPORATE INFORMATION

The consolidated financial report of Musgrave Minerals Limited for the year ended 30 June 2017 was authorised for issue in accordance with a resolution of the Directors on 8 September 2017.

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, Urgent Issues Group Interpretations 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 relevant to the operations of the Group and effective from 1 July 2016 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 2014-9: Amendments to Australian Accounting Standards Amendments to – Equity Method in Separate Financial Statements*
- *AASB 2015-1: Amendments to Australian Accounting Standards - Annual Improvements to Australian Accounting Standards 2012 – 2014*
- *AASB 2015-2: Amendments to Australian Accounting Standards - Disclosure Initiative: Amendments to AASB 101*

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 which may impact the Group in future years are detailed below:

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.

The entity is yet to undertake a detailed assessment of the impact of AASB 9. However, based on the entity's preliminary assessment, the Standard is not expected to have a material impact on the transactions and balances recognised in the financial statements when it is first adopted for the year ending 30 June 2019.

New or revised requirement

Application date of standard	*1 Jan 2018*
Application date for Group	*1 Jul 2018*

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.

The entity is yet to undertake a detailed assessment of the impact of AASB 15. However, the Company does not recognise any revenue other than interest revenue and as such the Company does not believe the new standard will have a material impact.

New or revised requirement

Application date of standard	*1 Jan 2018*
Application date for Group	*1 Jul 2018*

AASB 2016-5: Amendments to Australian Accounting Standards - Classification and Measurement of Share-based Payment Transactions

This Standard amends AASB 2: Share-based Payment, clarifying how to account for certain types of share-based payment transactions. The amendments provide requirements on the accounting for:

- The effects of vesting and non-vesting conditions on the measurement of cash-settled share-based payments
- Share-based payment transactions with a net settlement feature for withholding tax obligations
- A modification to the terms and conditions of a share-based payment that changes the classification of the transaction from cash-settled to equity-settled

The entity is yet to undertake a detailed assessment of the impact of AASB 2016-5. However, based on the entity's preliminary assessment, the Standard is not expected to have a material impact on the transactions and balances recognised in the financial statements when it is first adopted for the year ending 30 June 2019.

New or revised requirement
Application date of standard *1 Jan 2018*
Application date for Group *1 Jul 2018*

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.

The entity is yet to undertake a detailed assessment of the impact of AASB 16. However, the Company does not recognise any operating leases other than the lease of the office which is on a short term of three months and as such would not be required to recognise as a finance lease. Therefore the Company does not believe the standard will have a material impact.

New or revised requirement
Application date of standard *1 Jan 2019*
Application date for Group *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.

The Group incurred an operating loss after income tax for the year ended 30 June 2017 of $5,240,475 (2016: $6,105,944) and experienced net cash outflows from operating and investing activities of $4,367,282 (2016: $1,662,179). As at 30 June 2017 the Group had cash and cash equivalents of $3,560,365 (2016: $2,075,224).

The Group has the ability to defer or reduce its operating expenditure and commitments, or to dispose of assets. However, based on its current projected work program it is anticipated that it will be necessary for the Group to raise additional equity capital during the next twelve months.

The Group has successfully raised equity capital in the past, most recently in May 2017 when Musgrave completed a significantly oversubscribed placement to institutional investors and existing professional and sophisticated shareholders raising $3,000,000 (before costs).

The Directors are of the opinion that the Cue Project is still very prospective and that the ongoing gold potential of this project will enable the Group to secure fresh capital as and when required. The Directors have reviewed the Group's financial position and are of the opinion that the going concern basis of accounting is appropriate having regard to the matters outlined above.

If the Group is unable to continue as a going concern, it may be required to realise its assets and/or settle its liabilities other than in the ordinary course of business and at amounts different from those stated in the financial report.

(c) Principles of consolidation

Subsidiaries

The consolidated financial statements incorporate the assets and liabilities of the Company's subsidiary at 30 June 2017 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 judgements, 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 recoverability of the carrying amount of exploration and evaluation costs carried forward has been reviewed by the Directors. In conducting the review, if any impairment indicators are identified, the recoverable amount is then assessed by reference to the higher of "fair value less costs to sell" and, if applicable, "value in use".

In determining value in use, future cash flows are based on estimates of ore reserves and mineral resources for which there is a high degree of confidence of economic extraction, production and sales levels, future commodity prices, future capital and production costs and future exchange rates.

Variations to any of these estimates, and timing thereof, could result in significant changes to the expected future cash flows which in turn could result in significant changes to the impairment test results, which in turn could impact future financial results. 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.

(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 lodged with the Australian Tax Office. Any research and development tax offset due to the Company will be recognised under the tax expense or income in the Consolidated Statement of Profit or Loss and Other Comprehensive Income when the amount to be received is known.

(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, and other short-term, highly liquid investments with maturities of three months or less.

(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 to 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.

The Cue Project Farm-in and Joint Venture with Silver Lake is deemed to be a Joint Operation under AASB 11: Joint Arrangements and the Group accounts for its share of the joint venture assets, liabilities, income and expenses.

(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.

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.

(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 high quality corporate 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.

Financial assets at fair value through profit or loss (FVTPL)

Financial assets at FVTPL include financial assets that are either classified as held for trading or that meet certain conditions and are designated at FVTPL upon initial recognition. All derivative financial instruments fall into this category, except for those designated and effective as hedging instruments, for which the hedge accounting requirements apply.

Assets in this category are measured at fair value with gains or losses recognised in profit or loss. The fair values of financial assets in this category are determined by reference to active market transactions or using a valuation technique where no active market exists.

Available-for-Sale (AFS) financial assets

AFS financial assets are non-derivative financial assets that are either designated to this category or do not qualify for inclusion in any of the other categories of financial assets. The Group's AFS financial assets include listed securities.

AFS financial assets are measured at fair value. Gains and losses are recognised in other comprehensive income and reported within the AFS reserve within equity, except for impairment losses and foreign exchange differences on monetary assets, which are recognised in profit or loss. When the asset is disposed of or is determined to be impaired the cumulative gain or loss recognised in other comprehensive income is reclassified from the equity reserve to profit or loss and presented as a reclassification adjustment within other comprehensive income.

	Consolidated 2017 $	Consolidated 2016 $

3. REVENUE AND EXPENSES

(a) Revenue from operating activities

	2017 $	2016 $
Interest revenue	**66,273**	73,972
Other	**59,352**	2,520
Total revenue from operating activities	**125,625**	76,492

(b) Employee benefits expense

	2017 $	2016 $
Wages, salaries, directors fees and other remuneration expenses	**976,487**	795,276
Superannuation contributions	**84,586**	72,118
Transfer to/(from) annual leave provision	**(6,020)**	(853)
Transfer to/(from) long service leave provision	**15,367**	12,974
Share-based payments expense	**255,379**	14,798
Transfer to capitalised tenements	**(818,552)**	(616,355)
Total employee benefits expense	**507,247**	277,958

(c) Funds misappropriated

Recovery was made during the 2016 financial year of $100,000 in respect of the funds misappropriation as disclosed in the Company's announcement released to the ASX on 12 February 2015.

(d) Other expenses

	2017 $	2016 $
Secretarial, professional and consultancy costs	**128,816**	99,369
Occupancy costs	**48,000**	48,070
Share register maintenance	**51,634**	12,966
Insurance costs	**28,103**	20,391
Promotion, advertising and sponsorship	**15,899**	13,903
Audit fees	**31,365**	26,464
Employer related on-costs	**19,083**	14,649
Other expenses	**4,526**	66,948
Total other expenses	**327,426**	302,760

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.

	Consolidated	
	2017	2016
	$	$

5. INCOME TAX

Statement of Profit or Loss and Other Comprehensive Income		
Current Income Tax		
- Current income tax benefit at a rate of 27.5% (2016:28.5%)	**–**	–
- R&D tax concession	**(236,366)**	(513,162)
Deferred Income Tax		
- Relating to original and reversal of temporary differences	**(411,364)**	(1,211,107)
- Deferred tax liability offset by deferred tax asset losses	**1,177,104**	759,866
- Temporary difference not recognised in the current period	**(765,740)**	451,241
Income tax expense / (benefit) reported in the Consolidated Statement of Profit or Loss and Other Comprehensive Income	**(236,366)**	(513,162)
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	**(5,476,841)**	(6,619,106)
At the statutory income tax rate of 27.5% (2016: 28.5%)	**(1,506,131)**	(1,886,445)
Add		
- Immediate write off of capital expenditure	**(1,083,945)**	(518,990)
- Expenditures not allowable for income tax purposes	**1,522,984**	1,813,433
- Other deductible items	**(110,012)**	(170,275)
- Tax losses not recognised due to not meeting recognition criteria	**(1,177,104)**	(762,277)
Deferred income tax		
Recognised on the statement of financial position		
Deferred income tax at the end of the reporting period		
Relates to the following: (2017: 27.5%, 2016: 28.5%)		
Deferred income tax liabilities		
- Capitalised expenditure deductible for tax purposes	**1,381,059**	1,715,770
- Trade and other receivables	**3,023**	3,587
	1,384,082	1,719,357
Deferred income tax assets		
Trade and other payables	**(8,743)**	(7,695)
Employee benefits	**(24,539)**	(22,767)
Change in market value of derivative	**(1,100)**	–
Capital raising costs	**(81,189)**	(2,274)
Tax losses available to offset DTL	**(1,268,511)**	(1,686,621)
Net deferred tax asset / (liability)	**–**	–

In 2017, the Government enacted a change in the income tax rate for small business entities from 28.5% to 27.5%. Musgrave Minerals Limited satisfies the criteria to be a small business entity.

5. INCOME TAX CONTINUED

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 $20,269,956 (2016: $16,664,803) and capital losses of $81,054.

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.

The Company participated in the Federal Government's 2014/15 Exploration Development Incentive ("EDI") Scheme for eligible exploration activities. As a result the Company has foregone 2015 income tax losses to the extent of $349,968 in exchange for the EDI credits of $104,990 for the eligible shareholders.

6. CASH AND CASH EQUIVALENTS

	Consolidated	
	2017	**2016**
	$	**$**
Cash at bank and on hand	**410,365**	125,224
Short-term deposits	**3,150,000**	1,950,000
	3,560,365	2,075,224

The weighted average interest rate for the year was 2.28% (2016: 2.55%).

The Group's exposure to interest rate risk is set out in note 23. 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

Current		
Research and development tax concession	**236,366**	–
GST receivable	**126,334**	31,512
Other	**73,095**	12,000
	435,795	43,512

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 23.

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

8. OTHER CURRENT ASSETS

Accrued interest	**10,307**	12,588
	10,307	12,588

9. FINANCIAL ASSETS

	Consolidated 2017 $	Consolidated 2016 $
a) Derivative financial instruments		
Current		
Opening balance	**–**	–
Acquisition	**41,000**	–
Change in fair value	**(4,000)**	–
Closing balance	**37,000**	–
b) Available for sale financial assets		
Non-Current		
Opening balance	**–**	–
Acquisition	**123,211**	–
Change in fair value	**16,789**	–
Closing balance	**140,000**	–

10. PROPERTY, PLANT AND EQUIPMENT

	2017 $	2016 $
Plant and equipment		
- At cost	**224,344**	243,076
- Acquisitions	**–**	2,468
- Disposals	**–**	(21,200)
- Accumulated depreciation	**(217,094)**	(213,478)
Total plant and equipment	**7,250**	10,866
Motor vehicles		
- At cost	**166,545**	166,545
- Accumulated depreciation	**(124,985)**	(113,971)
Total motor vehicles	**41,560**	52,574
Total property, plant and equipment	**48,810**	63,440

10. PROPERTY, PLANT AND EQUIPMENT CONTINUED

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
2017	$	$	$
Consolidated:			
Balance at the beginning of the year	10,866	52,574	63,440
Depreciation expense	(3,616)	(11,014)	(14,630)
Carrying amount at the end of the year	7,250	41,560	48,810
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

11. EXPLORATION AND EVALUATION

	Consolidated 2017	Consolidated 2016
	$	$
Opening balance	**6,020,245**	10,391,152
Exploration expenditure incurred during the year	**3,941,619**	1,821,019
Impairment expense	**(4,749,163)**	(6,191,926)
Tenements sold	**(190,670)**	–
Closing balance	**5,022,031**	6,020,245

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. As a result, an impairment of $4,749,163 (2016: $6,191,926) has been booked.

12. SUBSIDIARIES

Details of the Company's subsidiary are as follows:

	Principal Activity	Country of Incorporation	Proportion of Ownership 2017	Proportion of Ownership 2016
Subsidiary				
Musgrave Exploration Pty Ltd	Exploration	Australia	100%	100%

	Consolidated 2017 $	2016 $

13. TRADE AND OTHER PAYABLES

	2017 $	2016 $
Trade creditors	**282,605**	176,082
Other payables	**106,767**	67,454
	389,372	243,536

Trade creditors are non-interest bearing and are normally settled on 30 day terms. The Group's financial risk management objectives and policies are set out in note 23. Due to the short term nature of these payables their carrying value is assumed to approximate their fair value.

14. PROVISIONS

	2017 $	2016 $
Short-term		
Annual leave	**41,505**	47,525
Long service leave - current	**37,488**	–
	78,993	47,525
Long-term		
Long service leave	**10,238**	32,359
	10,238	32,359

15. CONTRIBUTED EQUITY

	2017 $	2016 $
a) Share capital		
Ordinary shares fully paid	**32,646,322**	26,793,899

	Consolidated Number	$
b) Movements in ordinary shares on issue		
Balance at 1 July 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**
Placement - 6 July 2016	12,711,864	750,000
Exercise of Employee Options - 20 July 2016	200,000	9,000
Share Purchase Plan - 11 August 2016	33,627,084	1,983,998
Placement - 16 August 2016	8,474,576	500,000
Placement – 19 May 2017	40,000,000	3,000,000
Share issue costs	–	(390,575)
Balance at 30 June 2017	**220,045,782**	**32,646,322**

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

15. CONTRIBUTED EQUITY CONTINUED

	Consolidated 2017 Number	Consolidated 2016 Number
c) Movements in options on issue		
Balance at beginning of the financial year	**2,200,000**	15,975,000
Options granted	**3,750,000**	1,725,000
Options exercised	**(200,000)**	–
Options expired / lapsed	**(375,000)**	(15,500,000)
Balance at end of the financial year	**5,375,000**	2,200,000

16. RESERVES

	Consolidated 2017 $	Consolidated 2016 $
Share option reserve		
Opening balance	**64,503**	2,858,705
Issue of employee options under the Employee Share Option Plan	**–**	14,798
Exercise of employee options	**(3,870)**	–
Expiry of options	**(12,518)**	(2,809,000)
Issue of director options	**255,379**	–
Balance at the end of the financial year	**303,494**	64,503

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

Assets held for sale reserve		
Opening balance	**–**	–
Available for sale financial assets (change in fair value)	**16,789**	–
Balance at the end of the financial year	**16,789**	–

17. ACCUMULATED LOSSES

Balance at the beginning of the financial year	**(18,966,813)**	(15,669,869)
Net loss attributable to members	**(5,240,475)**	(6,105,944)
Transfer from share option reserve	**16,388**	2,809,000
Balance at the end of the financial year	**(24,190,900)**	(18,966,813)

	2017 cents	2016 cents
18. EARNINGS PER SHARE		
- basic loss per share	**2.92**	4.95
- diluted loss per share	**2.92**	4.95

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

	$	$
Profits / (losses) used in calculating basic and diluted earnings per share	**(5,240,475)**	(6,105,944)

	2017 Number	2016 Number
Weighted average number of ordinary shares used in calculating basic and diluted loss per share	**179,467,936**	123,302,574

	Consolidated	
	2017	2016
	$	$
19. AUDITOR'S REMUNERATION		
Audit services		
Grant Thornton Audit Pty Ltd		
- Audit and review of the financial reports	**30,750**	30,600
Total remuneration	**30,750**	30,600

20. CONTINGENT ASSETS AND LIABILITIES

The Group had contingent liabilities in respect of :

Future royalty payments

On 4 August 2017 Musgrave completed a Sale and Purchase Agreement to acquire Silver Lake's remaining interest in the Cue Project Farm-in and Joint Venture on equivalent terms to those proposed by Westgold Resources Limited after exercising its pre-emptive right.

Musgrave now holds a 100% interest in the key tenure at Cue including the Break of Day and Lena deposits and other prospects. Some of the Cue tenements are subject to third party royalty payments on future gold production including the mining licence hosting the Break of Day and Lena gold deposits.

The Group had contingent assets 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 2017.

21. EVENTS OCCURRING AFTER THE REPORTING PERIOD

In June 2017 Silver Lake announced that it had agreed to sell its Murchison assets (which includes its 40% interest in the Cue Project with the Company) to a wholly owned subsidiary of Westgold Resources Limited ("Westgold") (ASX:WGX) for total consideration of approximately $10 million. On 18 July 2017, the Company announced that it had elected to exercise its pre-emptive right to acquire Silver Lake's remaining interest in the Cue Project on equivalent terms to those proposed by Westgold. The purchase of the interest was completed on 4 August 2017 for cash consideration of $1.5 million.

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

22. 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 $970,900 (2016: $1,208,020) per annum.

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

	Consolidated	
	2017	**2016**
	$	**$**
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

23. 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.

23. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES CONTINUED

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:

		Fixed interest rate maturing in				
Consolidated – 2017	**Floating interest rate**	**1 Year or Less**	**Over 1 to 5 years**	**More than 5 years**	**Non interest bearing**	**Total**
	$	**$**	**$**	**$**	**$**	**$**
Financial assets						
Cash and cash equivalents	410,065	3,150,000	–	–	300	3,560,365
Trade and other receivables	–	–	–	–	435,795	435,795
Available for sale financial assets	–	–	–	–	140,000	140,000
	410,065	**3,150,000**	**-**	**-**	**576,095**	**4,136,160**
Weighted average interest rate	1.17%	2.48%	–	–	–	–
Financial liabilities						
Trade and other payables	–	–	–	–	389,372	389,372
	–	**–**	**–**	**–**	**389,372**	**389,372**
Weighted average interest rate	–	–	–	–	–	–
Consolidated – 2016						
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	–	–	–	–	–	–

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:

23. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES CONTINUED

		Profit or loss		Equity	
Consolidated - 2017	**Carrying value at period end**	**100 bp increase**	**100 bp decrease**	**100 bp increase**	**100 bp decrease**
	$	**$**	**$**	**$**	**$**
Financial assets					
Cash and cash equivalents	3,560,365	29,045	(29,045)	29,045	(29,045)
Cash flow sensitivity (net)		**29,045**	**(29,045)**	**29,045**	**(29,045)**

		Profit or loss		Equity	
Consolidated - 2016	**Carrying value at period end**	**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)**

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	
	2017	**2016**
	$	**$**
Cash and cash equivalents	**3,560,365**	2,075,224
Trade & other receivables	**435,795**	43,512
	3,996,160	2,118,736

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.

23. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES CONTINUED

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:

	Carrying amount	Contractual cash flows	6 months or less
Consolidated - 2017	$	$	$
Trade and other payables	389,372	–	389,372
	389,372	**–**	**389,372**
Receivables	435,795	–	435,795
	435,795	**–**	**435,795**
Consolidated - 2016			
Trade and other payables	243,536	–	243,536
	243,536	**–**	**243,536**
Receivables	43,512	–	43,512
	43,512	**–**	**43,512**

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.

Fair value measurement of financial instruments

Financial assets and financial liabilities measured at fair value in the Consolidated Statement of Financial Position are grouped into three levels of a fair value hierarchy. The three levels are defined based on the observability of significant inputs to the measurement, as follows:

- Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities
- Level 2: inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly
- Level 3: unobservable inputs for the asset or liability

The following table shows the levels within the hierarchy of financial assets and liabilities measured at fair value on a recurring basis at 30 June 2017 and 30 June 2016:

23. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES CONTINUED

	Level 1	Level 2	Level 3	Total
30 June 2017	**$**	**$**	**$**	**$**
Available for sale financial assets	140,000	–	–	140,000
Total as at 30 June 2017	**140,000**	**–**	**–**	**140,000**
30 June 2016				
Available for sale financial assets	–	–	–	–
Total as at 30 June 2016	**–**	**–**	**–**	**–**

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 13 & 14 offset by cash and bank balances) and equity of the Group (comprising contributed equity and reserves, offset by accumulated losses detailed in notes 15, 16 & 17).

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

24. 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
E (1)	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 (1)	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
L	75,000	16 Sep 2015	23 Mar 2018	Immediate	$ 0.250	$ 0.0010
M (2)	700,000	22 Apr 2016	22 Apr 2021	Immediate	$ 0.045	$ 0.0194
N	400,000	4 Nov 2016	22 Apr 2021	Immediate	$ 0.045	$ 0.0923
O	2,550,000	4 Nov 2016	3 Nov 2019	Immediate	$ 0.167	$ 0.0659
P	800,000	4 Nov 2016	3 Nov 2021	Immediate	$ 0.195	$ 0.0628

(1) These options expired during the financial year

(2) 200,000 of these options were exercised during the financial year

24. SHARE BASED PAYMENTS CONTINUED

Fair Value of Share Options Granted During the Year

The fair value of share options at grant date is 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 $255,379.

The model inputs for options granted during the year ended 30 June 2017 are as follows:

Inputs	Issue N	Issue 0	Issue P
Exercise Price	$0.045	$0.167	$0.195
Grant date	4 Nov 2016	4 Nov 2016	4 Nov 2016
Expiry date	22 Apr 2021	3 Nov 2019	3 Nov 2021
Share price at grant date	$0.11	$0.11	$0.11
Expected price volatility	91.0%	91.0%	91.0%
Expected dividend yield	0%	0%	0%
Risk-free interest rate	1.84%	1.67%	1.84%

Movements in share options during the year

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

	2017		2016	
	No. of options	Weighted average exercise price $	No. of options	Weighted average exercise price $
Outstanding at the beginning of the year	**2,200,000**	**0.15**	15,975,000	0.32
Granted and vested during the year	**3,750,000**	**0.16**	1,725,000	0.18
Exercised during the year	**(200,000)**	**0.045**	–	–
Expired during the year	**(375,000)**	**0.25**	(15,500,000)	0.33
Outstanding at the end of the year	**5,375,000**	**0.15**	2,200,000	0.15
Exercisable at the end of the year	**5,375,000**	**0.15**	2,200,000	0.15

The weighted average remaining contractual life of share options outstanding at the end of the year was 2.64 years (2016: 2.74 years).

24. SHARE BASED PAYMENTS CONTINUED

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 $	2017 No.	2016 No.
23 January 2017	0.25	–	375,000
5 March 2018	0.25	**500,000**	500,000
23 March 2018	0.25	**75,000**	75,000
10 March 2019	0.12	**550,000**	550,000
22 April 2021	0.045	**900,000**	700,000
3 November 2019	0.167	**2,550,000**	–
3 November 2021	0.195	**800,000**	–
		5,375,000	2,200,000

25. RECONCILIATION OF CASH FLOWS FROM OPERATING ACTIVITIES

	Consolidated 2017 $	Consolidated 2016 $
Cash flows from operating activities		
Loss for the period	**(5,240,475)**	(6,105,944)
Non-cash flows in profit/(loss):		
- Depreciation	**14,630**	22,954
- Impairment expense	**4,749,163**	6,191,926
- Field related internal charges	–	(66,289)
- Share based remuneration	**255,379**	14,798
- (Gain) / Loss on sale of assets	**26,459**	5,262
- Change in fair value of derivative financial instruments	**4,000**	–
- Research and development tax concession	**(236,366)**	–
Changes in assets and liabilities		
- Decrease/(increase) in trade and other receivables	**(155,917)**	3,647
- Decrease/(increase) in other current assets	**2,281**	16,932
- Increase/(decrease) in trade and other payables	**12,961**	(64,714)
- Increase/(decrease) in employee entitlements	**9,347**	(16,738)
Net cash used in operating activities	**(558,538)**	1,834

Non-cash investing and financing activities

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

26. RELATED PARTY DISCLOSURE

		Class	Country of incorporation	Investment at cost 2017 $	Investment at cost 2016 $
a)	**Parent entity**				
	Musgrave Minerals Limited	Ord	Australia	–	–
b)	**Subsidiaries**				
	Musgrave Exploration Pty Ltd	Ord	Australia	100	100

		2017 $	2016 $
c)	**Key management personnel compensation**		
	Short-term employee benefits	**461,495**	503,394
	Post-employment benefits	**38,880**	38,299
	Bonus payments	**59,211**	–
	Share-based payments	**255,379**	–
		814,965	541,693

Detailed remuneration disclosures are provided in the Remuneration Report.

27. PARENT ENTITY DISCLOSURE

	2017	2016
Financial Performance	**$**	**$**
Profit / (loss) for the year	**(5,240,475)**	(6,105,944)
Other comprehensive income	**16,789**	–
Total comprehensive profit / (loss)	**(5,223,686)**	(6,105,944)
Financial Position		
ASSETS		
Current assets	**4,043,467**	2,131,324
Non-current assets	**5,210,841**	6,083,685
TOTAL ASSETS	**9,254,308**	8,215,009
LIABILITIES		
Current liabilities	**468,365**	291,061
Non-current liabilities	**10,238**	32,359
TOTAL LIABILITIES	**478,603**	323,420
NET ASSETS	**8,775,705**	7,891,589
EQUITY		
Contributed equity	**32,646,322**	26,793,899
Reserves	**320,283**	64,503
Accumulated losses	**(24,190,900)**	(18,966,813)
TOTAL EQUITY	**8,775,705**	7,891,589

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 2017 other than the commitment in relation to the lease of office premises as disclosed in note 22.

DIRECTORS' DECLARATION

The Directors of Musgrave Minerals Limited declare that:

(a) in the Directors' opinion the financial statements and notes set out on pages 19 to 54 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 Company's financial position as at 30 June 2017 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 Managing Director and Chief Financial Officer for the financial year ended 30 June 2017.

Signed in accordance with a resolution of the Directors.

Graham Ascough

Chairman

Perth, Western Australia

8 September 2017

Grant Thornton

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

Report on the audit of the financial report

Opinion

We have audited the financial report of Musgrave Minerals Limited (the Company) and its subsidiaries (the Group), which comprises the consolidated statement of financial position as at 30 June 2017, 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, and notes to the consolidated financial statements, including a summary of significant accounting policies, and the directors' declaration.

In our opinion, the accompanying financial report of the Group, is in accordance with the *Corporations Act 2001*, including:

a Giving a true and fair view of the Group's financial position as at 30 June 2017 and of its performance for the year ended on that date; and

b Complying with Australian Accounting Standards and the *Corporations Regulations 2001*.

Basis for Opinion

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Report* section of our report. We are independent of the Group in accordance with the independence requirements of the *Corporations Act 2001* and the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants* (the Code) that are relevant to our audit of the financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.
We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Material Uncertainty Related to Going Concern

We draw attention to Note 2(b) "Going Concern" in the financial statements, which indicates that the Group incurred a net loss of $5,240,475 during the year ended 30 June 2017. As stated in Note 2(b), these events or conditions, along with other matters as set forth in Note 2(b), indicate that a material uncertainty exists that may cast doubt on the Group's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial report of the current period. These matters were addressed in the context of our audit of the financial report as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

In addition to the matter described in the Material Uncertainty Related to Going Concern section, we have determined the matters described below to be the key audit matters to be communicated in our report.

Key audit matter	How our audit addressed the key audit matter
Exploration and Evaluation Assets – valuation Note 2(m) and 11	
As at 30 June 2017, the Group had $5 million of exploration and evaluation expenditure capitalised on the statement of financial position. In accordance with AASB 6 *Exploration for and Evaluation of Mineral Resources*, the Group is required to assess at each reporting date if there are any triggers for impairment which may suggest the carrying value is in excess of the recoverable value. The process undertaken by management to assess whether there are any impairment triggers in each area of interest involves an element of management judgement. This area is a key audit matter due to the valuation of exploration and evaluation assets being a significant risk.	Our procedures included, amongst others: • Obtaining the management prepared reconciliation of capitalised exploration and evaluation expenditure and agreeing to the general ledger; • Reviewing management's area of interest considerations against AASB 6; • Conducting a detailed review of management's assessment of trigger events prepared in accordance with AASB 6 including; – Tracing projects to statutory registers, exploration licenses and third party confirmations to determine whether a right of tenure existed; – Enquiry of management regarding their intentions to carry out exploration and evaluation activity in the relevant exploration area, including review of managements' budgeted expenditure; – Understanding whether any data exists to suggest that the carrying value of these exploration and evaluation assets are unlikely to be recovered through development or sale; • Assessing the accuracy of impairment recorded for the year as it pertained to exploration interests; and • Reviewing the appropriateness of the related disclosures within the financial statements.

Information Other than the Financial Report and Auditor's Report Thereon

The Directors are responsible for the other information. The other information comprises the information included in the Group's annual report for the year ended 30 June 2017, but does not include the financial report and our auditor's report thereon.

Our opinion on the financial report does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial report, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial report or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the Directors' 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* and for 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.

In preparing the financial report, the Directors are responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Directors either intend to liquidate the Group or to cease operations, or have no realistic alternative but to do so.

Auditor's Responsibilities for the Audit of the Financial Report

Our objectives are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this financial report.

A further description of our responsibilities for the audit of the financial report is located at the Auditing and Assurance Standards Board website at: http://www.auasb.gov.au/auditors_responsibilities/ar1.pdf. This description forms part of our auditor's report.

Report on the Remuneration Report

Opinion on the Remuneration Report

We have audited the Remuneration Report included in pages 10 to 15 of the directors' report for the year ended 30 June 2017.

In our opinion, the Remuneration Report of Musgrave Minerals Limited, for the year ended 30 June 2017, complies with section 300A of the *Corporations Act 2001*.

Responsibilities

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.

Grant Thornton

GRANT THORNTON AUDIT PTY LTD
Chartered Accountants

C A Becker
Partner - Audit & Assurance

Perth, 8 September 2017

ADDITIONAL INFORMATION

The following additional information not shown elsewhere in this report is required by the ASX Listing Rules and is current as at 18 September 2017.

Securities

Quotation has been granted for 220,045,782 ordinary shares of the Company on the Australian Securities Exchange.

Quoted Securities

ASX Code	Number of Holders	Security Description	Total Securities
MGV	1,406	Ordinary Fully Paid	220,045,782

Unquoted Securities

ASX Code	Number of Holders	Security Description	Total Securities
MGVAI	1	Options expiring 05/03/2018 Exercisable at $0.25	500,000
MGVAB	1	Options expiring 23/03/2018 Exercisable at $0.25	75,000
MGVAA	6	Options expiring 10/03/2019 Exercisable at $0.12	550,000
MGVAB	3	Options expiring 24/04/2021 Exercisable at $0.045	900,000
MGVAB	4	Options expiring 03/11/2019 Exercisable at $0.1671	2,550,000
MGVAB	1	Options expiring 03/11/2021 Exercisable at $0.195	800,000

One holder Mr Robert Waugh and Mrs Sara Waugh <Waugh Family Trust A/C> hold 2,000,000 unlisted options (equivalent to 37.2% of total unlisted options).

Voting Rights

The voting rights attached to each class of security are as follows:

- Ordinary Fully Paid shares – one vote per share held.
- Options – no voting rights are attached to unexercised options.

Distribution schedule

Spread of Holdings - Ordinary Shares (ASX Code: MGV)

	Holders	Units	Percentage
1 - 1,000	76	5,572	0.00
1,001 - 5,000	33	129,815	0.06
5,001 - 10,000	197	1,712,664	0.78
10,001 - 100,000	727	32,304,838	14.68
100,001 - 99,999,999	373	185,892,893	84.48
TOTAL	1,406	220,045,782	100%

Unmarketable Parcel

There are 121 Shareholders holding less than a marketable parcel of fully paid ordinary shares (a minimum parcel $500 shares, being 6,667 shares using a market value of $0.075).

Buyback

No on-market share buy-back is current.

Top Holders

The names of the twenty largest shareholders (ASX Code: MGV) are listed below:

Rank	Name	Units held	% of Units
1.	Independence Group NL	9,027 000	4.10
2.	BNP Paribas Nominees Pty Ltd <IB Au Noms Retailclient Drp>	6,850,470	3.11
3.	HSBC Custody Nominees (Australia) Limited	6,579,492	2.99
4.	Chesapeake Capital Ltd	6,000,000	2.73
5.	Silver Lake (Integra) Pty Ltd	5,516,129	2.51
6.	Silver Lake Resources Ltd	4,032,258	1.83
7.	Equity Trustees Limited <Lowell Resources Fund A/C>	3,916,667	1.78
8.	Riggy & Boo Pty Ltd	3,882,790	1.76
9.	Mr Stacey Radford	3,583,333	1.63
10.	Forsyth Barr Custodians Ltd <Forsyth Barr Ltd-Nominee A/C>	3,391,150	1.54
11.	Scintilla Strategic Investments Limited	3,000,000	1.36
12.	Allise Pty Ltd	2,854,237	1.30
13.	Soudure S/F Pty Ltd <Greg Soudure Priv S/F A/C>	2,600,000	1.18
14.	Mr Jacobus Gerardus De Jong	2,387,238	1.08
15.	Rishon Holdings Pty Ltd	2,004,559	0.91
16.	JP Morgan Nominees Australia Limited	1,981,775	0.90
17.	Ms Shan Kuang	1,899,459	0.86
18.	Mr Julian Vincent Laws + Mrs Toni Lenore Laws <J & T Laws Super A/C>	1,781,000	0.81
19.	Jim Wilson Pty Ltd	1,700,000	0.77
20.	Mrs Amity Brooke Johnson	1,600,000	0.73
TOTAL		**74,587,557**	**33.88**

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