



HALF-YEAR FINANCIAL REPORT

31 December 2020

ABN 12 143 890 671

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CORPORATE DIRECTORY

DIRECTORS

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

COMPANY SECRETARY

Patricia (Trish) Farr

REGISTERED OFFICE & PRINCIPAL PLACE OF BUSINESS

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AUDITOR

BDO Audit (WA) Pty Ltd
38 Station Street
Subiaco, WA 6008

SHARE REGISTRY

Computershare Investor Services Pty Ltd
Level 11, 172 St Georges Terrace
Perth, WA 6000

STOCK EXCHANGE LISTING

The Company is listed on the Australian Securities Exchange Ltd ("ASX")

Home Exchange: Perth, Western Australia
ASX Code: MGV

DIRECTORS' REPORT

Your directors present their report on the consolidated entity consisting of Musgrave Minerals Ltd ("Musgrave" or "the Company") and the entities it controlled ("the Group") at the end of, or during, the half-year ended 31 December 2020.

DIRECTORS

The following persons were directors of Musgrave Minerals Ltd during the whole of the half-year and up to the date of this report, except where otherwise noted:

- Mr Graham Ascough, Non-Executive Chairman
- Mr Robert Waugh, Managing Director
- Ms Kelly Ross, Non-Executive Director
- Mr John Percival, Non-Executive Director
- Mr Brett Lambert, Non-Executive Director (appointed 4 February 2021)

OPERATING RESULT

The Group's loss for the half-year ended 31 December 2020 after providing for income tax amounted to \$2,359,726 (2019: profit of \$153,868).

PRINCIPAL ACTIVITIES

The principal activities of the Company during the period were to:

- carry out exploration of mineral tenements, both on a joint venture basis and by the Company in its own right;
- continue to progress exploration licence applications to grant;
- continue to seek extensions of areas held and to seek out new areas with mineral potential;
- evaluate new opportunities for joint venture or acquisition;
- evaluate results received through surface sampling, geophysical surveys and drilling carried out during the period; and
- undertake development studies to evaluate options to optimise cash flow and maximise shareholder returns.

REVIEW OF OPERATIONS

Musgrave Minerals Limited is an active Australian gold explorer. The Cue Project in the Murchison region of Western Australia is the Company's focus and hosts significant gold and copper mineralisation including the high-grade Break of Day and Lena resources. Musgrave has had significant exploration success at Cue with gold discoveries at Break of Day, Starlight, White Light and Lake Austin North which have led to resource growth. The Company's ongoing focus is increasing the gold resources through discovery and extensional drilling to underpin studies that will demonstrate a viable path to near term development.

In September 2019 Musgrave entered into an Earn-In and Joint Venture Exploration Agreement with Evolution Mining Limited over a select area of Lake Austin and surrounds (Evolution JV) on the Cue Project. The Evolution JV excludes all the known resources including Lena and Break of Day and the Mainland option area.

Musgrave also holds a large exploration tenement package in the Ni-Cu-Co prospective Musgrave Province of South Australia.

Cue Project

At the Cue Project, the total project gold resources (Indicated and Inferred) have increased to 6.4Mt @ 3.2g/t Au for 659koz Au following a Mineral Resource update for the Break of Day deposit, including the new Starlight discovery announced in November 2020 (see *MGV ASX announcement 11 November 2020, "Break of Day High-Grade Mineral Resource Estimate"*). The Break of Day Mineral Resource has increased to 797kt @ 10.2g/t Au for 262koz contained gold and the recent update from the previous July 2017 Mineral Resource delivered a:

- 31% increase in total contained ounces;
- 58% increase in Indicated Resources to 175,900 ounces gold; and
- 42% increase in gold grade to 10.2g/t Au.

The Break of Day resource update incorporates the results of highly successful reverse circulation ("RC") and diamond drilling programs completed throughout 2020. A number of the gold lodes at Break of Day and Lena remain open down plunge and there is scope to further grow the resources.

Other recent exploration on the Company's wholly owned tenure at Cue included a large regional drilling program to test 25 new gold targets. A total of 445 aircore holes for 25,298m of drilling was completed across 25 targets with 20 showing anomalous gold in the regolith. Significant results include:

White Heat (Target 2)

- 5m @ 13.4g/t Au from 28m (20MUAC008)
- 8m @ 8.4g/t Au from 41m (20MUAC009)
- 2m @ 30.3g/t Au from 41m (20MUAC233)
- 5m @ 8.3g/t Au from 23m (20MUAC236); and
- 1m @ 12.0g/t Au from 28m (20MUAC332) (see *MGV ASX announcements dated 8 October 2020 and 9 December 2020*).

Target 5

- 6m @ 10.6g/t Au from 30m (20MUAC397)
- 6m @ 5.2g/t Au from 24m (20MUAC412)
- 6m @ 4.6g/t Au from 36m to EOH (20MUAC407)
- 6m @ 3.2g/t Au from 36m to EOH (20MUAC396)
- 4m @ 3.5g/t Au from 43m to EOH (20MUAC210); and
- 30m @ 1.1g/t Au from 12m to EOH (20MUAC402) (see *MGV ASX announcements dated 23 November 2020 and 19 January 2021*).

Leviticus (Target 9)

- 4m @ 13.1g/t Au from 1m (20MUAC058); and
- 2m @ 10.3g/t Au from 33m (20MUAC058) (see *MGV ASX announcement dated 4 November 2020*)

Target 14

- 12m @ 1.7g/t Au from 65m (20MUAC143); and
- 2m @ 10.3g/t Au from 33m (20MUAC058) (see *MGV ASX announcements dated 23 November 2020 and 19 January 2021*).

Target 15

- 6m @ 2.1g/t Au from 54m (20MUAC140)
- 1m @ 9.4g/t Au from 17m (20MUAC180); and
- 1m @ 11.5g/t Au from 51m (20MUAC166) (see *MGV ASX announcement dated 23 November 2020*).

Target 17

- 1m @ 31.1g/t Au from 22m (20MUAC259) (see *MGV ASX announcement dated 19 January 2021*).

Target 20

- 11m @ 2.0g/t Au from 28m (20MUAC217)
- 12m @ 1.4g/t Au from 18m (20MUAC387); and
- 6m @ 1.0g/t Au from 36m to EOH (20MUAC391) (*see MGV ASX announcements dated 23 November 2020 and 19 January 2021*).

All targets are open down dip and targets 5, 14, 15, and 20 are open along strike. Follow-up drilling is underway or planned to test the strike and depth extent of all 20 targets.

Follow-up reverse circulation ("RC") drilling at the White Heat prospect commenced in early January with strong gold results received for the first 4 holes. Further assays are pending. Significant results include:

- 6m @ 15.3g/t Au from 38m (21MORC001) including;
 - 3m @ 28.8g/t Au from 38m
- 9m @ 7.1g/t Au from 60m (21MORC002) including
 - 2m @ 28.7g/t Au from 60m and
- 4m @ 43.2g/t Au from 98m (21MORC002) including;
 - 2m @ 83.9g/t Au from 98m
- 6m @ 7.4g/t Au from 35m (21MORC003) including;
 - 2m @ 18.8g/t Au from 35m
- 5m @ 8.8g/t Au from 40m (21MORC004) (*see MGV ASX announcements dated 1 February*).

On Lake Austin, under the Evolution JV, two phases of aircore drilling have been completed with 436 holes for 48,895m. The program has identified multiple zones of regolith gold anomalism indicative of large mineralised systems in the underlying bedrock. A diamond drilling program has commenced to test the basement for the primary source of this regolith gold anomalism.

In September 2020, Cyprium Australia Pty Ltd ("Cyprium" or "CYM") updated the resource estimate at the Hollandaire copper-gold deposit to 2,784Mt @ 1.9% Cu, 0.3g/t Au, 6.4g/t Ag for 51,500 tonnes contained copper, 28,800 ounces of gold and 574,000 ounces of silver (*see CYM ASX announcement dated 29 September 2020, "Hollandaire Copper-Gold Mineral Resource Estimate"*). Musgrave holds a 20% free carried interest to the completion of a definitive feasibility study and retains 100% of the gold rights to gold dominant deposits.

Corporate

Musgrave successfully completed a capital raising in December 2020 to raise \$16.0M (before costs) through a share placement to institutional, corporate and sophisticated investors. The Company also completed a share purchase plan in January 2021 which raised an additional \$3.5M (before costs).

There have been a number of changes to the Company's unlisted options with some expiring and some being exercised. During the period, 12.85 million unlisted options were exercised, raising \$1,473,883 in cash.

At the Company's General Meeting held on 20 August 2020, shareholders approved the issue of 5,000,000 options to Directors and 900,000 options to consultants. In addition, 1,980,000 options were issued to employees under the Employee Share Option Plan on 28 August 2020.

At 31 December 2020 the Company's capital structure comprised:

- 522,036,730 fully paid ordinary shares; and
- 16,680,000 unlisted options at various exercise prices and expiry dates

The Company holds 12.5 million shares in Legend Mining Limited together with 1,308,750 ordinary shares in Cyprium Metals Ltd.

The impact of the Coronavirus (COVID-19) pandemic is ongoing and while it has not significantly impacted the Company up to 31 December 2020, it is not practicable to estimate the potential impact, positive or negative, after the reporting date. The situation is rapidly developing and is dependent on measures imposed by the Australian Government and other countries, such as maintaining social distancing requirements, quarantine, travel restrictions and any economic stimulus that may be provided.

Mineral Resources

Gold Mineral Resources

Deposit	Indicated Resources			Inferred Resources			Total Resources		
	Tonnes '000s	Au Grade g/t	Total oz. Au '000s	Tonnes '000s	Au Grade g/t	Total oz. Au '000s	Tonnes '000s	Au Grade g/t	Total oz. Au '000s
Moyagee									
Break of Day	450	12.1	176	350	7.7	86	797	10.2	262
Lena	2,253	1.7	121	2,053	3.1	204	4,305	2.3	325
Leviticus				42	6.0	8	42	6.0	8
Numbers				278	2.5	22	278	2.5	22
Total Moyagee	2,703	3.4	297	2,723	3.7	320	5,422	3.5	617
Eelya									
*Hollandaire (100%)	2,179	0.3	21	605	0.4	8	2,784	0.3	27
*Hollandaire (MGV 20%)	436	0.3	4	121	0.4	2	557	0.3	5
Rapier South				171	2.1	12	171	2.1	12
Total Eelya	436	0.3	4	292	1.4	13	728	0.6	17
Tuckabianna									
Jasper Queen				175	2.6	15	175	2.6	15
Gilt Edge				96	3.1	9	96	3.1	9
Total Tuckabianna				271	2.8	24	271	2.8	24
Total Cue Project	3,138	3.0	301	3,286	3.4	358	6,421	3.2	659
<p>* Note 1: The Hollandaire Resource Estimate is on 100% basis (MGV has a 20% attributable interest in the Hollandaire deposit, free carried to completion of DFS). Totals are on an attributable interest basis. Gold mineralisation not associated with the copper resource at Hollandaire, that is 100% attributable to MGV, is yet to be modelled and reported in compliance with JORC 2012.</p>									
<p>Note 2: Due to the effects of rounding, the total may not reflect the sum of all components.</p>									

Copper Mineral Resources⁽¹⁾

Deposit	Indicated Resources			Inferred Resources			TOTAL RESOURCES		
	Tonnes '000s	Grade %	Tonnes Cu '000s	Tonnes '000s	Grade %	Tonnes Cu '000s	Tonnes '000s	Grade %	Tonnes Cu '000s
Hollandaire Copper	2,179	2.0	42.2	605	1.6	9.3	2,784	1.9	51.5

Silver Mineral Resources⁽¹⁾

Deposit	Indicated Resources			Inferred Resources			TOTAL RESOURCES		
	Tonnes '000s	Grade g/t	Ounces Ag '000s	Tonnes '000s	Grade g/t	Ounces Ag '000s	Tonnes '000s	Grade g/t	Ounces Ag '000s
Hollandaire Silver	2,179	6.4	450	605	6.4	124	2,784	6.4	574

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

⁽¹⁾ On 1 May 2020, Musgrave entered into a joint venture with Cyprium Australia Pty Ltd ("Cyprium") on the non-gold rights over the northern Cue tenure including the Hollandaire copper deposit. Cyprium (ASX: CYM) has earned an 80% interest in the non-gold rights over the area with Musgrave retaining 20% and is free carried to a definitive feasibility study. Musgrave also retains 100% of the rights to any gold dominant mineralisation. The farm-out of base metals at Hollandaire has allowed Musgrave to focus on its priority gold targets, resulting in the discovery of the Starlight and White Light gold lodes at Break of Day and delivering significant value accretion to its shareholders.

COMPETENT PERSON'S STATEMENT**Mineral Resources**

The Information in this report that relates to Mineral Resources at Break of Day and Lena is based on information compiled by Mr Paul Payne, a Competent Person who is a Fellow of the Australasian Institute of Mining and Metallurgy. Mr Payne is a full-time employee of Payne Geological Services. Mr Payne has sufficient experience that is relevant to the style of mineralisation and type of deposit under consideration and to the activity being undertaken 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 Payne consents to the inclusion in the report of the matters based on his information in the form and context in which it appears.

The Company confirms that it is not aware of any further new information or data that materially affects the information included in the original market announcements by Musgrave Minerals Ltd (MGV) entitled "Lena Mineral Resource more than doubles and gold grade increases" released on 17 February 2020 and "Break of Day High-Grade Mineral Resource Estimate" released on 11 November 2020 and in the case of estimates of Minerals Resources, that all material assumptions and technical parameters underpinning the estimates in the relevant market announcement continue to apply and have not materially changed. To the extent disclosed above, 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.

The information in this report that relates to the Rapier South, Jasper Queen, Gilt Edge, Leviticus and Numbers Mineral Resource 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 the ASX (www.asx.com.au). The Company confirms that it is not aware of any new information or data that materially effects the information included in the original market announcement and, in the case of estimates of Minerals Resources 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.

The information in this report that relates to Mineral Resources for the Hollandaire deposit is an accurate representation of the available data and is based on information compiled by external consultants and Mr Peter van Luyt a competent person as defined in the 2012 Edition of the "Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves" who is a member of the Australian Institute of Geoscientists (2582). Mr van Luyt is the Chief Geologist of Cyprium Metals Limited. Mr van Luyt has sufficient experience that is relevant to the style of mineralisation and type of deposit under consideration and the activity which he is undertaking to qualify as a Competent Person (CP). Mr van Luyt consents to the inclusion in the report of the matters based on his information in the form and context in which it appears.

The Company confirms that it is not aware of any further new information or data that materially affects the information included in the original market announcement by Cyprium Metals Limited (CYM) entitled "Hollandaire Copper-Gold Mineral Resource Estimate" released on 29 September 2020 and in the case of estimates of Minerals Resources, that all material assumptions and technical parameters underpinning the estimates in the relevant market announcement continue to apply and have not materially changed. To the extent disclosed above, the Company confirms that the form and context in which the Competent Person's findings are presented have not been materially modified from the original market announcement.

Exploration Results

The information in this report that relates to Exploration Targets and Exploration Results is based on information compiled and/or thoroughly reviewed by Mr Robert Waugh, a Competent Person who is a Fellow of the Australasian Institute of Mining and Metallurgy (AusIMM) and a Member of the Australian Institute of Geoscientists (AIG). Mr Waugh is Managing Director and a full-time employee of Musgrave Minerals Ltd. Mr Waugh has sufficient experience that is relevant to the style of mineralisation and type of deposit under consideration to qualify as a Competent Person as defined in the 2012 Edition of the 'Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves'. Mr Waugh consents to the inclusion in the report of the matters based on his information in the form and context in which it appears.

Forward-Looking Statements

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

EVENTS SUBSEQUENT TO THE REPORTING DATE

In January 2021 the Company completed a Share Purchase Plan offer with the Company receiving applications for 9,786,219 new shares at \$0.36 per share raising \$3,523,039 before costs.

On 4 February 2021 the Company announced the appointment of Mr Brett Lambert as a Non-Executive Director.

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

AUDITOR'S INDEPENDENCE DECLARATION

A copy of the auditor's independence declaration as required under s307C of the *Corporations Act 2001* is included on the following page.

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



Mr Graham Ascough

Chairman

Perth, 11 March 2021

DECLARATION OF INDEPENDENCE BY GLYN O'BRIEN TO THE DIRECTORS OF MUSGRAVE MINERALS LIMITED

As lead auditor for the review of Musgrave Minerals Limited for the half-year ended 31 December 2020, I declare that, to the best of my knowledge and belief, there have been:

1. No contraventions of the auditor independence requirements of the *Corporations Act 2001* in relation to the review; and
2. No contraventions of any applicable code of professional conduct in relation to the review.

This declaration is in respect of Musgrave Minerals Limited and the entity it controlled during the period.



Glyn O'Brien

Director

BDO Audit (WA) Pty Ltd

Perth, 11 March 2021

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE HALF-YEAR ENDED 31 DECEMBER 2020

		CONSOLIDATED	
		Half-year ended 31 Dec 2020	Half-year ended 31 Dec 2019
Note		\$	\$
	Other income	170,273	77,174
	Impairment of exploration and evaluation assets	-	(3,434)
13	Employee benefits expense	(2,269,814)	(261,475)
	Depreciation expense	(66,518)	(54,948)
	Finance costs	(13,092)	(15,074)
	Other expenses	(180,575)	(73,375)
	Change in fair value of derivative financial instruments	-	485,000
	Profit / (loss) before income tax expense	(2,359,726)	153,868
	Income tax benefit/(expense)	-	-
	Profit / (loss) from continuing operations	(2,359,726)	153,868
	Profit / (loss) attributable to members of the parent entity	(2,359,726)	153,868
	Other comprehensive income		
	<i>Items that will not be reclassified to profit or loss</i>		
	Equity instruments at fair value through other comprehensive income – fair value changes	5 b) (240,519)	715,069
	Total comprehensive profit / (loss) for the period	(2,600,245)	868,937
	Profit / (loss) per share attributable to the owners of Musgrave Minerals Limited	<i>Cents per share</i>	<i>Cents per share</i>
	Basic profit / (loss) per share	12 (0.49)	0.04
	Diluted profit / (loss) per share	12 n/a	0.04

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

CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 31 DECEMBER 2020

	Note	CONSOLIDATED	
		31 Dec 2020 \$	30 Jun 2020 \$
CURRENT ASSETS			
Cash and cash equivalents	4	22,029,491	9,122,692
Trade and other receivables		251,377	273,652
Other current assets		12,466	10,475
TOTAL CURRENT ASSETS		22,293,334	9,406,819
NON-CURRENT ASSETS			
Financial assets	5 b)	1,705,794	1,946,313
Property, plant and equipment		109,288	56,031
Right of use assets		217,569	266,745
Exploration and evaluation assets	6	21,990,862	18,966,123
TOTAL NON-CURRENT ASSETS		24,023,513	21,235,212
TOTAL ASSETS		46,316,847	30,642,031
CURRENT LIABILITIES			
Trade and other payables	7	1,031,396	1,116,981
Provisions		207,420	135,580
Lease liabilities	8	101,003	94,782
TOTAL CURRENT LIABILITIES		1,339,819	1,347,343
NON-CURRENT LIABILITIES			
Lease liabilities	8	134,039	185,880
TOTAL NON-CURRENT LIABILITIES		134,039	185,880
TOTAL LIABILITIES		1,473,858	1,533,223
NET ASSETS		44,842,989	29,108,808
EQUITY			
Issued capital	10	68,995,440	52,004,639
Reserves	11	2,673,743	1,570,637
Accumulated losses		(26,826,194)	(24,466,468)
TOTAL EQUITY		44,842,989	29,108,808

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

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE HALF-YEAR ENDED 31 DECEMBER 2020

ATTRIBUTABLE TO EQUITY HOLDERS OF THE ENTITY					
	Issued Capital	Options Reserve	Financial Asset Reserve	Accumulated Losses	Total Equity
Note	\$	\$	\$	\$	\$
Balance at 1 July 2019	44,592,770	996,288	132,364	(25,628,978)	20,092,444
Total comprehensive profit for the period	-	-	-	153,868	153,868
Other comprehensive income	-	-	715,069	-	715,069
Total comprehensive profit for the period net of tax	-	-	715,069	153,868	868,937
Shares issued	1,500,000	-	-	-	1,500,000
Share issue costs	(7,274)	-	-	-	(7,274)
Issue of options 13	-	136,072	-	-	136,072
Transfer from share option reserve:					
- Expiry of options	-	(168,613)	-	168,613	-
Balance at 31 December 2019	46,085,496	963,747	847,433	(25,306,497)	22,590,179
Balance at 1 July 2020	52,004,639	876,921	693,716	(24,466,468)	29,108,808
Total comprehensive loss for the period	-	-	-	(2,359,726)	(2,359,726)
Other comprehensive income	-	-	(240,519)	-	(240,519)
Total comprehensive loss for the period net of tax	-	-	(240,519)	(2,359,726)	(2,600,245)
Shares issued	17,473,883	-	-	-	17,473,883
Share issue costs	(1,019,099)	-	-	-	(1,019,099)
Issue of options 13	-	1,879,642	-	-	1,879,642
Transfer from share option reserve:					
- Exercise of options	536,017	(536,017)	-	-	-
Balance at 31 December 2020	68,995,440	2,220,546	453,197	(26,826,194)	44,842,989

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

CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE HALF-YEAR ENDED 31 DECEMBER 2020

	CONSOLIDATED	
	Half-year ended 31 Dec 2020	Half-year ended 31 Dec 2019
Note	\$	\$
CASH FLOWS FROM OPERATING ACTIVITIES		
Receipts from customers	146,623	48,233
Payments to suppliers and employees	(532,752)	(348,866)
Interest received	21,660	39,665
Interest paid	(13,092)	(15,074)
Government grants received	50,000	-
Net advances from joint venture partner	375,006	499,677
NET CASH FLOWS FROM OPERATING ACTIVITIES	47,445	223,635
CASH FLOWS FROM INVESTING ACTIVITIES		
Payments for property, plant and equipment	(70,599)	(7,689)
Payments for tenements	(100,000)	-
Payments for exploration activities	(3,379,211)	(1,128,737)
NET CASH FLOWS USED IN INVESTING ACTIVITIES	(3,549,810)	(1,136,426)
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from issue of shares	16,000,000	1,500,000
Proceeds from exercise of options	1,473,883	-
Share issue costs	(1,019,099)	(7,274)
Lease principal repayments	(45,620)	(34,698)
NET CASH FLOWS FROM FINANCING ACTIVITIES	16,409,164	1,458,028
Net increase in cash and cash equivalents	12,906,799	545,237
Cash at the beginning of the period	9,122,692	3,543,732
CASH AT THE END OF THE PERIOD	22,029,491	4,088,969

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE HALF-YEAR ENDED 31 DECEMBER 2020

NOTE 1: CORPORATE INFORMATION

This general purpose financial report of Musgrave Minerals Ltd ("the Company") for the half-year ended 31 December 2020 was authorised for issue in accordance with a resolution of the directors on 11 March 2021.

The Company's principal activities are to carry out exploration of mineral tenements, to continue to seek extensions of areas held and to seek out new areas with mineral potential and to evaluate results achieved through surface sampling, geophysical surveys and drilling activities.

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

NOTE 2: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES

a) Basis of preparation

This general purpose interim financial report for the half-year reporting period ended 31 December 2020 has been prepared in accordance with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Act 2001*.

This interim financial report does not include all of the notes of the type normally included in an annual financial report. Accordingly, this report is to be read in conjunction with the annual report for the year ended 30 June 2020 and any public announcements made by Musgrave Minerals Ltd during the interim reporting period in accordance with the continuous disclosure requirements of the *Corporations Act 2001* and the ASX Listing Rules.

Except for Note 2(b) the accounting policies adopted are consistent with those of the previous financial year and corresponding interim reporting period.

The half-year financial report has been prepared on an historical cost basis, except where stated. For the purpose of preparing the half-year financial report, the half-year has been treated as a discrete reporting period.

b) New accounting standards and interpretations

In the half-year ended 31 December 2020, the Company has reviewed all of the new and revised Standards and Interpretations issued by the AASB that are relevant to its operations and effective for annual reporting periods beginning on or after 1 July 2020.

The adoption of the new and revised Standards and Interpretations have not had a material impact on this half-year financial report.

c) Going concern

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

d) Critical accounting estimates and judgements

The preparation of financial reports requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expenses. Actual results may differ from these estimates.

In preparing the interim consolidated financial statements, the significant judgements made by management in applying the Group's accounting policies and the key sources of estimation uncertainty were consistent with those that applied to the annual consolidated financial statements as at and for the year ended 30 June 2020.

NOTE 3: SEGMENT INFORMATION

The Group continues to operate in one geographical segment, being Australia, and in one operating category, being mineral exploration and evaluation.

The Board has considered the requirements of AASB 8 *Operating Segments* and the internal reports that are reviewed by the chief operating decision maker (the Managing Director) in allocating resources and has concluded at this time that there are no separately identifiable segments.

NOTE 4: CASH AND CASH EQUIVALENTS

	CONSOLIDATED	
	31 Dec 2020	30 Jun 2020
	\$	\$
Cash at bank and on hand	2,953,166	1,896,367
Short-term deposits	19,076,325	7,226,325
	22,029,491	9,122,692

In September 2019 Musgrave entered into an Earn-In and Joint Venture Exploration Agreement with Evolution Mining Limited (Evolution) over a select area of Lake Austin and surrounds (EJV) of the Cue Project. Musgrave is the manager of the EJV until Evolution meets its minimum expenditure requirement. Cash at bank and on hand includes amounts held for the EJV for budgeted and approved earn-in expenditure. As at 31 December 2020 the Company held \$201,660 in unexpended cash calls for Evolution.

NOTE 5: FINANCIAL ASSETS

	CONSOLIDATED	
	31 Dec 2020	30 Jun 2020
	\$	\$
a) Derivative financial instruments		
<i>Current</i>		
Opening balance	-	131,000
Change in fair value	-	1,388,000
Disposal ⁽¹⁾	-	(1,519,000)
Closing balance	-	-
b) Equity instruments at fair value through other comprehensive income		
<i>Non-Current</i>		
Opening balance	1,946,313	505,575
Acquisition ⁽¹⁾	-	1,919,000
Change in fair value	(240,519)	561,352
Disposal ⁽¹⁾	-	(1,039,614)
Closing balance	1,705,794	1,946,313

(1) In April 2020 the Company converted the 10,000,000 \$0.04 options it held in Legend Mining Limited ("Legend") which were valued at \$1.519M for \$0.4M in cash. The company also sold 7,500,000 of the shares it held in Legend in April 2020.

NOTE 6: EXPLORATION AND EVALUATION ASSETS

Exploration and evaluation assets

CONSOLIDATED	
31 Dec 2020	30 Jun 2020
\$	\$
21,990,862	18,966,123

Consolidated Group

Balance at 1 July
Additions through expenditure capitalised
Impairment of tenements

Balance at 31 December

Total	Total
\$	\$
18,966,123	15,976,794
3,024,739	2,992,763
-	(3,434)
21,990,862	18,966,123

NOTE 7: TRADE AND OTHER PAYABLES

Trade creditors
Amounts due to joint venture partner

CONSOLIDATED	
31 Dec 2020	30 Jun 2020
\$	\$
906,294	965,975
125,102	151,006
1,031,396	1,116,981

These amounts represent liabilities for goods and services provided to the Company prior to the end of the period and which are unpaid. Trade creditors are unsecured, non-interest bearing and are normally settled on 30-day terms. Due to the short-term nature of these payables, their carrying value is assumed to approximate their fair value.

NOTE 8: LEASE LIABILITIES

Current
Non-Current

CONSOLIDATED	
31 Dec 2020	30 Jun 2020
\$	\$
101,003	94,782
134,039	185,880
235,042	280,662

The Company leases its corporate office, operations yard and certain information technology hardware. The Company has elected not to recognize a lease liability for 'low-value' and short-term leases.

NOTE 9: COMMITMENTS AND CONTINGENCIES

As at the reporting date there has been no material change in the commitments and contingencies since the 30 June 2020 annual report.

NOTE 10: ISSUED CAPITAL

Issued capital

Fully paid ordinary shares

CONSOLIDATED	
31 Dec 2020	30 Jun 2020
\$	\$
68,995,440	52,004,639

a) Movement in ordinary shares on issue

	Half-year ended 31 Dec 2020		Year ended 30 Jun 2020	
	No.	\$	No.	\$
Opening balance	464,742,285	52,004,639	386,782,066	44,592,770
Placement - 9 October 2019	-	-	18,587,361	1,500,000
Placement - 4 May 2020	-	-	57,142,858	6,000,000
Options exercised - various	12,850,000	2,009,900	2,230,000	308,330
Placement - 18 December 2020	44,444,445	16,000,000	-	-
Share issue costs	-	(1,019,099)	-	(396,461)
Closing balance	522,036,730	68,995,440	464,742,285	52,004,639

b) Movement in options on issue

	Half-year ended 31 Dec 2020		Year ended 30 Jun 2020	
	No.	\$	No.	\$
Opening balance	21,650,000	876,921	19,800,000	996,288
Options granted	7,880,000	1,879,642	6,680,000	136,072
Options exercised	(12,850,000)	(536,017)	(2,230,000)	(85,098)
Options expired / lapsed	-	-	(2,600,000)	(170,341)
Closing balance	16,680,000	2,220,546	21,650,000	876,921

NOTE 11: RESERVES

	CONSOLIDATED	
	31 Dec 2020	30 Jun 2020
	\$	\$
Share Option Reserve		
Opening balance	876,921	996,288
Issue of director and employee options (Note 13)	1,879,642	136,072
Exercise of director and employee options	(536,017)	(85,098)
Expiry of options	-	(170,341)
Closing balance	2,220,546	876,921
Financial asset reserve		
Opening balance	693,716	132,364
Equity instruments at fair value through other comprehensive income	(240,519)	561,352
Closing balance	453,197	693,716
Total Reserves	2,673,743	1,570,637

NOTE 12: EARNINGS PER SHARE

	2020	2019
	Cents	Cents
Basic profit / (loss) per share	(0.49)	0.04
Diluted profit / (loss) per share	n/a	0.04

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

	2020	2019
	\$	\$
Profit / (loss) used in calculating basic and diluted earnings per share	(2,359,726)	153,868

	2020	2019
	Number	Number
Weighted average number of ordinary shares used in calculating basic profit / (loss) per share	476,964,990	395,166,582
Weighted average number of ordinary shares used in calculating diluted profit / (loss) per share	n/a	419,096,582

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.

The issue of potential ordinary shares is antidilutive when their conversion to ordinary shares would increase earnings per share or decrease loss per share from continuing operations. The calculation of diluted earnings per share has therefore not assumed the conversion, exercise, or other issue of potential ordinary shares that would have an antidilutive effect on earnings per share.

NOTE 13: SHARE BASED PAYMENTS

The Company's employee benefits expense for the half-year was \$2,269,814 (2019: \$261,475) which included a share based payment expense of \$1,879,642 (2019: \$136,072) as outlined below.

At the Company's General Meeting held on 20 August 2020, shareholders approved the issue of 5,000,000 options to Directors and 900,000 options to consultants. In addition, 1,980,000 options were issued to employees under the Employee Share Option Plan ("ESOP") on 28 August 2020.

The fair value of these options was determined using a Black Scholes pricing model. The following table lists the inputs to the model for options granted during the six months ended 31 December 2020:

Inputs	Issue V	Issue W
Number	5,900,000	1,980,000
Exercise price	\$0.932	\$0.932
Issue date	20 Aug 2020	28 Aug 2020
Expiry date	20 Aug 2023	20 Aug 2023
Share price at grant date	\$0.59	\$0.60
Historical volatility (%)	80%	80%
Risk-free interest rate (%)	0.26%	0.26%
Expected dividend yield (%)	0%	0%

All options vested immediately.

NOTE 14: DIVIDENDS

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

NOTE 15: EVENTS SUBSEQUENT TO THE REPORTING DATE

In January 2021 the Company completed a Share Purchase Plan offer with the Company receiving applications for 9,786,219 new shares at \$0.36 per share raising \$3,523,039 before costs.

On 4 February 2021 the Company announced the appointment of Mr Brett Lambert as a Non-Executive Director.

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

DIRECTORS' DECLARATION

In the opinion of the directors of Musgrave Minerals Ltd:

- 1) the financial statements and notes of Musgrave Minerals Ltd are in accordance with the *Corporations Act 2001*, including:
 - a) giving a true and fair view of its financial position as at 31 December 2020 and of its performance for the half-year ended on that date; and
 - b) comply with Accounting Standard AASB 134 *Interim Financial Reporting*; and
- 2) there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

On behalf of the Board

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

Mr Graham Ascough
Chairman

11 March 2021

INDEPENDENT AUDITOR'S REVIEW REPORT

To the members of Musgrave Minerals Limited

Report on the Half-Year Financial Report

Conclusion

We have reviewed the half-year financial report of Musgrave Minerals Limited (the Company) and its subsidiary (the Group), which comprises the consolidated statement of financial position as at 31 December 2020, the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the half-year ended on that date, a summary of statement of accounting policies and other explanatory information, and the directors' declaration.

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the accompanying half-year financial report of the Group does not comply with the *Corporations Act 2001* including:

- (i) Giving a true and fair view of the Group's financial position as at 31 December 2020 and of its financial performance for the half-year ended on that date; and
- (ii) Complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

Basis for conclusion

We conducted our review in accordance with ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*. Our responsibilities are further described in the *Auditor's Responsibilities for the Review of the Financial Report* section of our report. We are independent of the Company in accordance with the auditor 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 (including Independence Standards)* (the Code) that are relevant to the audit of the annual financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

We confirm that the independence declaration required by the *Corporations Act 2001* which has been given to the directors of the Company, would be the same terms if given to the directors as at the time of this auditor's review report.



Responsibility of the directors for the financial report

The directors of the Company are responsible for the preparation of the half-year financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation of the half-year financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

Auditor's responsibility for the review of the financial report

Our responsibility is to express a conclusion on the half-year financial report based on our review. ASRE 2410 requires us to conclude whether we have become aware of any matter that makes us believe that the half-year financial report is not in accordance with the *Corporations Act 2001* including giving a true and fair view of the Group's financial position as at 31 December 2020 and its financial performance for the half-year ended on that date and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

A review of a half-year financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

BDO Audit (WA) Pty Ltd

A handwritten signature in black ink, appearing to read 'Glyn O'Brien', is written over a faint, stylized 'BDO' logo.

Glyn O'Brien

Director

Perth, 11 March 2021