



BREAK OF DAY BRIGHTENS MUSGRAVE MINERALS' FUTURE

Thursday, August 11, 2016

THE INSIDE STORY: Timing, they say, is everything and one of the best times for an exploration company to release attention grabbing drill results is when it is conducting a fund raising and associated Share Purchase Plan (SPP).

Perth-based exploration play, Musgrave Minerals (ASX: MGV) timed its run perfectly recently with the announcement of extremely encouraging drilling results from the company's Cue gold project, located in the Murchison region of Western Australia.

Musgrave Minerals is currently in the middle of a follow-up program of reverse circulation (RC) drilling at the Break of Day prospect.

The initial results from the first two holes of the program, 16MORC006 which was drilled to test the up-dip projection of the footwall vein and 16MORC007, which was drilled 25 metres to the south, provided plenty of excitement by holes intersecting both the footwall and hanging-wall veins.

In doing so the drilling demonstrated the continuity of the mineralisation which remains open at depth and along strike at Break of Day.

Results included:

16MORC006

2 metres at 10.8g/t gold from 66m to 68m down hole (hanging-wall vein) and 2m at 36.8g/t gold from 101m to 103m down hole (footwall vein); and

16MORC007

1m at 33.5g/t gold from 80m down hole (hanging-wall vein).

"These results were a further demonstration of the high grade gold potential we believe to exist at the Break of Day prospect," Musgrave Minerals managing director Rob Waugh told The Resources Roadhouse.

"It was most encouraging to receive results that provided confirmation of the twin parallel gold veins at the prospect. It was an extremely positive outcome and we look forward to seeing what else the rest of the current drilling program has to offer."

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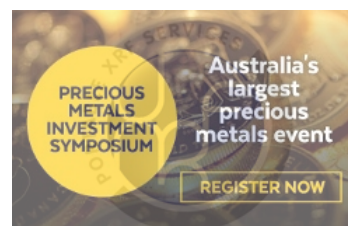
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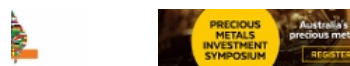
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Musgrave is working towards an 80 per cent interest in the Cue project, which is a Farm-In and Joint Venture Agreement with Silver Lake Resources (ASX: SLR).

The project consists of the Moyagee gold project, which hosts the Break of Day and Purple Rain prospects and the Hollandaire copper project, which contains the Mt Eelya, Hollandaire, Hunky Dory, and Lady Stardust prospects.

Musgrave considers there to be significant potential to extend existing mineralisation and to discover new mineralisation on all these prospects within the Cue project area.

Moyagee project and hosts a combined JORC (2012) and JORC (2004) compliant Mineral Resource of 1.93 million tonnes at 2g/t gold for 126,900 ounces contained gold within four separate deposits; Lena, Leviticus, Numbers and Break of Day.

The Break of Day prospect has emerged as the project's main contender, and as such the major focus of Musgrave's attention.

The prospect already boasts a JORC 2004 compliant Inferred Mineral Resource of 335,700 tonnes at 1.91g/t gold for 20,600 ounces of contained gold, which the company is eager to increase.

“What we can see from the work we have completed to date, is that the gold mineralisation at Break of Day has potential to extend over a strike length of more than 400 metres and remains open down dip and down plunge,” Waugh said.

“Our plan for Break of Day is to drill in order to increase the Resource base to enable us to commence studies to define a clear path for us to get to development in the shortest possible time frame.

“We are confident we can continue the recent exploration success at Break of Day, where we have demonstrated that potential exists for high-grade gold. Now we need to define the strike extent of the gold mineralisation and to establish an Inferred Resource.”

Musgrave also enjoyed early drilling success at the Mt Eelya prospect where it encountered massive and stringer copper-gold sulphide mineralisation.

RC drill hole 16EHRC002 intersected:
8m @ 1.6 per cent copper, 0.6g/t gold and 4.5g/t silver.

The intersection, from 115m to 123m down hole with visible chalcopyrite (copper sulphide) identified throughout the interval, was part of an initial reverse circulation (RC) drill program.

Musgrave also completed a Versatile Time-Domain Electromagnetic (VTEM Max) airborne geophysical survey over the broader Hollandaire project area, which identified multiple bedrock conductors the company determined to represent high-priority gold-copper targets.

“The initial Mt Eelya sulphide drill result was the ideal way to kick off a drilling campaign and gave much support to our view on the upside volcanic massive sulphide potential of the project,” Waugh said.

“Obviously, follow-up drilling is required there, which we would have already completed had heavy rain not prevented us from already doing so.”

“These are VTEM targets - conductive bodies sitting below the surface – and what we have seen, in the work we have already carried out, is that sulphide is one of the strong conductors in the area and obviously an indication of copper-gold mineralisation.”



The results from Break of Day and My Eelya not only encouraged the company in its endeavours, they also encouraged the involvement of the investment community.

Musgrave announced a placement in July raising \$750,000 towards the cause.

A subsequent Share Placement Plan looking to raise a further \$1.25 million was recently closed heavily oversubscribed with applications totalling \$1.984 million.

Patersons Securities, which underwrote the SPP, has signalled its interest in participating in a Top-Up Placement to raise up to a further \$500,000.

“The success of the recent raising and subsequent placement is a huge show of support for the potential of the Cue project by our shareholder base,” Waugh said.

“The additional funding will have a twofold effect in that it will enable us to progress the drilling of the high-grade gold mineralisation at Break of Day through to resource status while also allowing us to meet expenditure requirements under the Stage 1 Earn-In to acquire 60 per cent of the Cue project.”

The funding will also allow Musgrave Minerals room to test its other targets within the Cue project, such as Purple Rain and Lady Stardust.

Purple Rain is situated only 2km south-west of the Break of Day prospect and was identified through analysis of historical data of two rotary air blast (RAB) drill holes highly anomalous in gold.

The previous drilling at Purple Rain returned:

MRB1559

6m at 3.25g/t gold from 28m down hole, including a high grade zone of 2m at 8.02g/t gold from 29m down hole; and

MRB1560

5m at 0.44g/t gold from 39m down hole ending in mineralisation at 44m.

“Purple Rain is another indication of the excellent gold potential we consider the Cue project to possess,” Waugh said.

“The historical intersections we have analysed at Purple Rain are very similar in grade to what we have seen in the weathered zone at Break of Day.”

At the southern end of the Lady Stardust VTEM target, Musgrave has identified a new surface gold anomaly extending for approximately 700m in strike and 200m wide that is yet to be drill tested.

A further copper soil anomaly, identified using a pXRF analyser, is co-incident with the Lady Stardust VTEM target, which Musgrave has interpreted to suggest the source of the conductor may be related to base metal mineralisation.

“We also have aircore and RC drilling planned to test both the gold and copper anomalies at Lady Stardust.

“Things are looking really positive for us and we’re extremely excited by the results we

have to date and we're looking forward to more drilling to come."

Musgrave Minerals Ltd (ASX: MGV) ...The Short Story

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