



Musgrave Minerals (ASX: MGV)

Musgrave Minerals Lines-up New Cue Resource

Methodology may not be recognised as a science, however, Musgrave Minerals (ASX: MGV) is putting it to effective use at the Cue project, located in the Murchison Province of Western Australia.

MUSGRAVE MINERALS' FOCUS AT THE Cue project is on the Moyagee area, where it recently upgraded the total Mineral Resources at the Break of Day and Lena gold deposits.

The updated JORC 2012-compliant Mineral Resources include:

- » Break of Day (Indicated and Inferred) 868,000 tonnes at 7.15 grams per tonne gold for 199,000 ounces of gold (>800% increase); and
- » Lena (Indicated and Inferred) 2.682 million tonnes at 1.77g/t gold for 153,000 ounces of gold (>100% increase).

The numbers take the total Break of Day and Lena (Indicated and Inferred) Resource to 3.55 million tonnes at 3.09g/t gold for 352,000 ounces of gold.

"This is a significant milestone that will enable Musgrave to assess multiple processing options going forward to maximise shareholder value," Musgrave Minerals managing director Robert Waugh told *The Resources Roadhouse*.

"The Mineral Resource estimate strengthens the open-cut potential of Lena and the underground potential of Break of Day and together with the proximity to existing road and processing infrastructure, significantly increases the future development potential of the project."

"Break of Day is still open in all directions and we are yet to define the limits to the high-grade gold mineralisation."

"Further drilling planned for early August will aim to continue to grow the resource base."

Break of Day consists of two parallel gold lodes with a combined strike extent of over 500m, an average

lode width of approximately 1.7m and an resource grade of approximately 7.1g/t gold.

"The drilling campaign we have completed at Break of Day so far this year has been extremely positive," Waugh said.

"Not only does it leave the mineralisation on both lodes at Break of Day open to the south, we are consistently seeing higher-grade gold mineralisation at Break of Day below the 80 metre depth level where it is wide open with no current drilling in this area."

"This creates a significant opportunity for the company to grow the Resource further with further drilling."

The Break of Day drilling campaign received great support from the Lena deposit, in the form of excellent gold drilling results supporting the potential for an open cut operation.

The drilling confirmed the mineralisation at Lena to occur in vertical to steeply dipping, semi-parallel quartz lodes hosting gold within a mafic-ultramafic stratigraphic sequence and remains open along strike and down plunge.

The Lena resource is currently defined along a 1.3km strike length with gold commencing from surface.

"The results from the RC gold drilling program were always encouraging and enabled us to complete a significant upgrade to the Resources," Waugh explained.

"The continued strong near surface gold results from Lena provide a good case for the establishment of an open cut mine and the Grade of the resource at Break of Day is commensurate with a potential underground development."

Musgrave is confident the Resource upgrade will enable the company to progress development studies in the second half of 2017.

The Cue project is in what Real Estate Agents would describe as, 'a desired location'.

The project is proximal to many established gold operations, meaning there is good infrastructure and multiple operating processing plants in the district (Ramelius 40km south at Mt Magnet, Westgold 40km North-East at Tuckabianna).

This potentially provides the company the ability to consider





numerous development options.

“Although we have updated the Resource we still consider there to be potential to extend that mineralisation significantly, as it is still open,” Waugh explained.

“The amount of existing infrastructure within the Cue Region will definitely be a benefit for us to be able to get either a standalone or toll treatment operation into production.”

The potential of Break of Day and Lena has been highlighted by the completion of an initial metallurgical test work program that returned exceptional gold recoveries.

Positive results came from test work carried out on three composite fresh rock samples that were collected from nine representative drill holes across the strike of the gold lodes at Break of Day.

The samples were representative of the various gold lodes, ore types and feed grades for potential future mining and processing activities utilising conventional gravity and cyanide techniques.

The test work demonstrated very rapid leaching kinetics for all three samples and overall recovery of between 95.7 per cent and 96.3 per cent (average 96%), producing a maximum leaching of gold after the first eight hours.

Exceptionally high gravity recoveries of between 80.8 per cent and

86.1 per cent (average 84.2%) were also achieved from a single pass through a Knelson concentrator.

Recoveries from oxide and transitional material at Lena returned total recoveries of >95 per cent after the first 12 hours and strong gravity recoveries of between 34 per cent and 55 per cent.

“The gravity recoveries at Break of Day are very high in comparison to typical Yilgarn gold ores,” Waugh said.

“The metallurgy results will enable us to assess multiple processing options going forward, while the high gravity recovery will enable flexible processing and potentially reduce capital and operating costs.”

Gold is not the only commodity on Musgrave’s Cue project hitlist.

An EM survey completed over the northern portion of the project area to identify basement conductors that may reflect copper-gold massive sulphide mineralisation delivered 13 separate targets for drill testing.

These all returned strong ground electromagnetic responses within the Hollandaire volcanic massive sulphide (VMS) field.

Drilling intersected high-grade zinc at the Mt eelya prospect, including:

- » 2 metres at 18.1 per cent zinc, 0.5 per cent copper from 17m down hole within a broader interval of:
- » 16m at 3.1 per cent zinc, 0.2 per cent copper and 0.1g/t gold from 12m down hole;
- » 4m at 8.1 per cent zinc, 1.5 per cent copper, 0.6g/t gold and 21g/t silver from 30m down hole within a broader interval of:
- » 21m at 1.9 per cent zinc, 0.4 per cent copper, 0.5g/t gold and 6g/t silver from 21m down hole.

“We like the base metal potential of the Hollandaire project area,” Waugh said.

“Silver Lake demonstrated in 2011 with the Hollandaire discovery that there is potential for VMS deposits in the area.

“We hope to be able to emulate that and make significant discoveries on the base metals side to complement our gold discoveries.

“Our focus on the Cue project is a continuous process—we’ll be spending a significant drilling budget throughout the second half of 2017, focussed on extending and growing the gold Resources while we are carrying out further development studies.”

Musgrave Minerals is working towards an 80 per cent interest in the Cue project, from its current sixty per cent, as part of a Farm-In and Joint Venture Agreement with Silver Lake Resources (ASX: SLR).

On 23 June 2017 Silver Lake Resources announced it agreed to sell its 40 per cent interest (an effectively 20% interest due to MGV’s earning-in) in the Cue Joint Venture to Westgold Resources subject to Musgrave Minerals not exercising its pre-emptive right under the Cue Farm-in and JV Agreement.

At the time of writing, Musgrave Minerals’ Board was reviewing the offer documents to determine its decision to exercise, or waive its pre-emptive right in due course. ♦

The Short Story

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