

New target delivers early results for Musgrave

MUSGRAVE Minerals has hit high-grade gold in the first aircore hole at a new target at its Cue gold project in Western Australia.



Exploration / Development > Discovery

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The first drill hole into the new Joshua target hit 6m at 3.9 grams per tonne gold from 54m.

Joshua is 4.7km south of Musgrave's high-grade Break of Day deposit, which has a high-grade resource of 199,000 ounces of gold at 7.15gpt.

Gold mineralisation at Joshua is open to the north, south and at depth and sits within a 450m-long gold-in-soil, surface geochemical anomaly along the Break of Day/Lena shear corridor.

Musgrave managing director Rob Waugh said the first-pass result was excellent and would be followed up.

"The target is open for more than 200m, both north and south and is on the same mineralised trend as Break of Day and Lena," he said.

A 12,000m drilling program focused on regional targets is around 90% complete, with assays still pending for around half of the holes drilled.

"To date, results from this regional program have been exceptional with new gold mineralisation identified at Joshua, Lena North, Break of Day North and Lake Austin North," Waugh said.

"The program highlights the potential of the Cue project to host further gold deposits within this very prospective and well-endowed region with good infrastructure and numerous operating gold plants.

"Drilling is continuing and we look forward to completing the remainder of the drill program and reporting further results as they are received."

Last week, Musgrave's cash balance was boosted by A\$3.36 million when gold miner Westgold Resources took a 15.4% stake in the company.

Westgold paid 7c per share for its stake, a 15.4% premium to Musgrave's 15-day volume-weighted average price at the time.

"We're very happy to welcome Westgold to our register - they have three mills in our district," Waugh told the Resources Rising Stars conference on the Gold Coast last week.

The Cue project is analogous to the high-grade 2 million ounce Great Fingall deposit, 30km to the north.

"What we want to find in this district is a Great Fingall," Waugh said.

"It's company making material."

Musgrave has been trading at a "modest" enterprise value of \$35 per ounce.

"The current industry average for an explorer is \$50 - for producers it's closer to \$100/oz," Waugh said.

"We think we're getting closer to production."

Musgrave shares rose by 2.8% this morning to 7.4c, valuing the company at around \$24 million.

