



Musgrave Minerals (ASX: MGV)

Musgrave Minerals: New year...New Gold

Musgrave Minerals started 2019 as it finished 2018, by announcing further positive drilling results from the company's Cue project in the Murchison district of Western Australia.

LATE IN 2018, MUSGRAVE MINERALS completed a maiden reverse circulation (RC) drilling program at the Lake Austin North target.

Lake Austin North is located approximately three kilometres north of the Break of Day/Lena targets, which have been the subject of earlier Musgrave exploration activities.

Lake Austin North sits within a 28km-long prospective corridor that hosts the Break of Day and Lena gold resources of 868,000 tonnes at 7.15 grams per tonne gold for 199,000 ounces of gold and 2.68 million tonnes at 1.77g/t gold for 153,000 ounces of gold respectively.

The maiden Lake Austin Drilling consisted 18 holes focused on the A-Zone and C-Zone that led to the discovery of thick, high-grade basement gold mineralisation at A-Zone with results including an intercept of:

- » **18MORC057**
94 metres at 2.2g/t gold from 156m to end of hole (EOH), including;
- » 52m at 3.8g/t gold from 198m to EOH, including;
- » 29m at 5.1g/t gold from 198m.

A program of follow-up diamond drilling focused on establishing the true thickness, tenor and extent of the gold mineralisation in unweathered basement rock to help define the potential of the A-Zone system concluded just before Christmas.

It didn't take long for the news to flow from the drill bit with diamond drill hole **18MODD008** returning an exceptionally thick intercept with a high-grade core on the southern-most basement drill traverse at A-Zone of:

- » 242m at 1g/t gold from 61m down hole, including;

- » 45m at 3.3g/t gold from 70m, including;
- » 9m at 4.6g/t gold from 70m and 18.9m at 4.7g/t gold from 96.3m.

Other intersections from **18MODD008**, included:

- » 5.8m at 4.5g/t gold from 199.8m.

"The diamond drilling is confirming the grade and thicknesses seen in the RC drilling as well as extending the mineralisation where it remains open along strike," Musgrave Minerals managing director Rob Waugh told *The Resources Roadhouse*.

"Our southern-most drill hole **18MODD012** returned thick mineralisation with a high-grade core at A-Zone and demonstrated that the basement mineralisation remains open and untested to the south and at depth."

- » **18MODD012**
128.1m at 0.5g/t gold from 133.3m down hole, including 32m at 1.5g/t gold from 133.3m, including 9.7m at 3.1g/t gold from 133.3m.

"That encouraged us to ramp up our diamond drilling so we could step out and test the limits of the mineralisation along strike with the aim to further outline the size and grade of this potentially large and exciting gold discovery," Waugh continued.

As part of the program, drill hole **18MODD005** was conducted on the discovery cross section as a scissor hole.

This hole also confirmed the previously released RC results and steep east dip of the mineralisation, intersecting:

- » 80m at 1.3g/t gold from 102.2m downhole, including;

- » 20m at 4.5g/t gold from 102.2m, including higher-grade zones of:
- » 2.6m at 11g/t gold from 102.8m; and
- » 7.4m at 6.5g/t gold from 114.9m.

From the drilling carried out to date, Musgrave has determined the A-Zone consists of a broad regolith gold halo extending up to 300m wide and covering a strike extent of over 800m.

The fresh rock gold mineralisation beneath the regolith halo is steeply east dipping and open to the north, south and down dip below approximately 50m of transported cover.

The A-Zone mineralisation is proximal to a tonalite-mafic contact within a foliated silica-sericite-carbonate-albite-pyrite alteration zone with multi-phase quartz veining.

Having scored such encouraging results, it was no surprise the company was able to raise \$5.5 million to accelerate drilling of the new Lake Austin North gold discovery, even at a time when the market was suffering pre-Christmas doldrums.

"The funding enabled us to secure three drill rigs in the new year to accelerate drilling at the new Lake Austin North discovery as well as our other Cue project targets," Waugh said.

While most folk were still on holidays, Musgrave Minerals was delivering new reports to the ASX as its next round of diamond drilling extended the basement gold mineralisation at A-Zone to more than 350m in strike where it currently remains open in all directions.

Musgrave Minerals' drilling campaign shows no signs of slowing down with a phase 2 program of

diamond drilling at A-Zone, Lake Austin North already underway.

This program will consist of a minimum of 15 drill holes for approximately 4,000m and drilling will continue until April.

The company anticipates receiving its next lot of assay results in late February.

In concert with the diamond drilling, the company is conducting a regional lake aircore drilling program to define the extents of the A-Zone and C-Zone mineralisation to enable accurate diamond drill targeting along strike.

The lake aircore program is also carrying out preliminary first pass testing of new lake gold targets.

While all this is developing, Musgrave Minerals is continuing negotiations with Westgold Resources (ASX: WGX) regarding a mining and processing profit sharing agreement over the existing gold resources at Cue that does not include Lake Austin North.

Musgrave Minerals signed a non-binding Term Sheet with Westgold Resources last year that provides a near term development pathway for the existing gold resources at the Cue project.

The Term Sheet outlines a Mine Management and Profit Sharing arrangement, under which Musgrave would receive 50 per cent of profits from operations that would be financed, managed and operated by Westgold.

The arrangement would be restricted to the existing JORC code-compliant gold resources at the Lena, Break of Day, Jasper Queen, Gilt Edge and Rapier South deposits on Musgrave's 100 per cent-owned tenements at Cue.

Musgrave would retain 100 per cent of the exploration interests and upside outside of the defined resources.

"This deal with Westgold reduces the technical and capital risk for



Musgrave and provides the potential for a near term development option," Waugh explained.

"Musgrave would retain a 100 per cent interest in all the exploration upside and the potential development is expected to generate positive cashflow that can be utilised to fund exploration, resource growth and discovery for the benefit of Musgrave shareholders."

"The relationship would also enable Musgrave to focus on its exploration strengths and accelerate our drilling programs across a range of high-grade targets, including our exciting gold discovery at Lake Austin North."

Musgrave Minerals has plenty of confidence in the potential to extend

existing mineralisation and discover new mineralisation within the Cue project area, which it believes it has demonstrated by its combined successes at Break of Day, Lena and now, Lake Austin North.

In a nutshell, Musgrave is exploring for systems of a size that have the potential to deliver a substantial Resource increase and may in the future define a stand-alone operation. 📌

The Short Story

MUSGRAVE MINERALS LTD (ASX: MGV)

HEAD OFFICE

Ground Floor, 5 Ord Street
West Perth WA 6005

Phone: +61 8 9324 1061

Email: info@musgraveminerals.com.au

Website: www.mugraveminerals.com.au

DIRECTORS

Graham Ascough, Rob Waugh,
Kelly Ross, John Percival