



ASX RELEASE

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ASX: MGV

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## Musgrave to Progress Opportunity to Develop Cue Gold Resources with Westgold

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- **Musgrave executes non-binding Term Sheet outlining mine management and profit sharing arrangement with Westgold**
- **Term Sheet applies specifically to existing gold resources at Cue, including Break of Day and Lena deposits**
- **Musgrave would receive 50% of profits from mining operations to be financed, managed and operated by Westgold**
- **Musgrave to retain 100% of all exploration tenure outside the current defined gold resources and will continue to explore for further high grade gold resources in its own right**
- **Arrangement subject to negotiation of binding detailed Mine Management and Profit Sharing Agreement**

Musgrave Minerals Ltd (ASX: **MGV**) ("Musgrave" or "the Company") is pleased to advise that it has agreed a non-binding Term Sheet with Westgold Resources Limited (ASX: WGX) ("Westgold") that provides a near term development pathway for the existing gold resources at its Cue Project in Western Australia's, Murchison district. The Term Sheet outlines the terms of a Mine Management and Profit Sharing arrangement whereby Musgrave would receive 50% of profits from operations that would be financed, managed and operated by Westgold, an established and highly credentialed Australian gold producer.

The Term Sheet is non-binding and provides the scope on which a formal Mine Management and Profit Sharing Agreement can be negotiated. The arrangement would be restricted to the existing JORC compliant gold resources at the Lena, Break of Day, Jasper Queen, Gilt Edge and Rapier South deposits on Musgrave's 100% owned tenements at Cue. Musgrave would retain 100% of the exploration interests and upside outside of the defined resources.

Musgrave Managing Director Rob Waugh said *"This outcome reduces the technical and capital risk for Musgrave and provides the potential for a near term development option for the Company. We welcome the opportunity to partner with Westgold, an experienced gold mining company with strong technical capabilities, equipment and operating mills in the region."*

5 Ord Street, West Perth WA 6005

Telephone: (61 8) 9324 1061 Fax: (61 8) 9324 1014

Web: [www.musgraveminerals.com.au](http://www.musgraveminerals.com.au) Email: [info@musgraveminerals.com.au](mailto:info@musgraveminerals.com.au)

ACN: 143 890 671

*“Musgrave would retain a 100% 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 Lake Austin North.”*

The key benefits of the proposed arrangement include:

- Provides Musgrave an option to potentially fast track development.
- Reduces Musgrave’s development and capital risk exposure by working with an experienced and well-funded gold mining company. Westgold has a dedicated technical team with experience in planning, permitting and optimisation in both toll-treatment and mine development of gold deposits in WA.
- Reduces Musgrave’s capital requirements going forward thereby reducing the prospect of shareholder dilution.
- The potential arrangement would enable Musgrave to focus on its areas of expertise, being exploration and discovery.
- The opportunity to generate near term cash has the potential to provide funding for Musgrave to progress its future exploration and drilling programs to make further discoveries and continue to grow the resource base.

The Company will continue to advance its internal optimisation and development studies during the negotiations on the formal agreement. These studies will provide baseline parameters and assist in forecasting production goals and potential cash flow under the proposed Mine Management and Profit Sharing Agreement.

## **ONGOING EXPLORATION**

- Gold focused aircore/RC drilling program now complete. Further drill assay results expected in July
- Exceptional early stage assay results received at Lake Austin North with further results from the recently completed drill program awaited (*see MGV ASX announcements 18 May 2018, “New Drill Results Highlight Cue Regional Discovery Potential” and 15 June 2018, “High-Grade Gold Intersected at Lake Austin North, Cue Gold Project, WA”*)
- Follow-up, deeper basement drilling at Lake Austin North to commence in early August
- Development studies are continuing on the Break of Day and Lena deposits to evaluate options to optimise cash flow and maximise shareholder returns

## **THE CUE PROJECT**

The Cue Project (“the Project”) is located in the Murchison district of Western Australia, with key tenure wholly owned by Musgrave Minerals (*Figure 1*). The Project consists of the Moyagee Gold and Hollandaire Copper Resources (*see MGV ASX announcements 14 July 2017, “Resource Estimate Exceeds 350koz Gold” and 24 October 2017, “Annual Report 2017”*).

The Company believes there is significant potential to extend existing mineralisation and discover new mineralisation within the Project area, as demonstrated by the recent drilling success at Break of Day and Lena. Musgrave’s aim is to build the resource base and complete studies with a view to identifying a development option that creates the best value for shareholders.



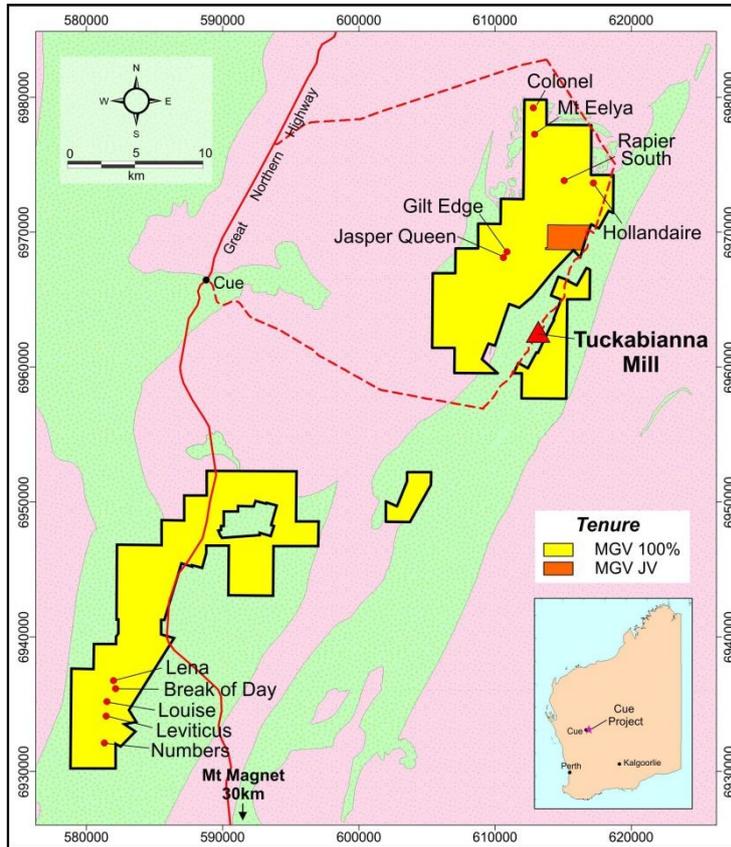


Figure 1: Cue Project location plan and tenure

**Enquiries:**

**Rob Waugh**  
 Managing Director  
 Musgrave Minerals Limited  
 +61 8 9324 1061

**Luke Forrestal**  
 Senior Account Director  
 Media and Capital Partners  
 +61 411 479 144

**About Musgrave Minerals**

Musgrave Minerals Limited is an active Australian gold and base metals explorer. The Cue Project in the Murchison region of Western Australia is an advanced gold and copper project. Musgrave has had significant exploration success at Cue with the ongoing focus on increasing the gold and copper resources through discovery and extensional drilling to underpin studies that will demonstrate a viable path to development in the near term. Musgrave also holds a large exploration tenement package in the Ni-Cu-Co prospective Musgrave Province in South Australia.

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**Competent Person's Statement**

**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.