



ASX RELEASE

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ASX: MGV

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## **Musgrave and Evolution sign an \$18 million Earn-in JV and \$1.5 million placement to accelerate exploration at Cue**

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- **Musgrave and Evolution Mining Ltd enter Earn-in and Joint Venture Agreement centered on the Lake Austin Area of the Cue project**
- **Musgrave to retain its interest in areas hosting known gold resources, including Break of Day and Lena, and the Mainland area**
- **Evolution can earn 75% in the Joint Venture area by sole funding \$18M over 5 years with a minimum expenditure of \$4M to be completed in the first 2 years**
- **If Evolution does not spend the entire \$18M within 5 years MGV will retain 100% ownership**
- **Evolution has agreed to subscribe for 18.6M shares in Musgrave at 8.07c per share to raise \$1.5M. Funds will be used to advance drilling at Mainland, Lena and Break of Day**
- **Musgrave will be manager during the minimum expenditure period with technical input from Evolution**
- **The deal will result in accelerated exploration activities at Cue with a strong focus on drilling and discovery**

Musgrave Minerals Ltd (ASX: **MGV**) ("Musgrave" or "the Company") is pleased to announce an Earn-in and Exploration Joint Venture Agreement ("Agreement") with Evolution Mining Ltd ("Evolution") over the Lake Austin portion of our Cue Project (*Figure 1*) in the Murchison District of Western Australia.

As part of the Agreement, Evolution has agreed to subscribe for 18,587,361 ordinary shares in Musgrave through a share placement ("Placement") at a price of \$0.0807 per share. The Placement is set at the 30-day VWAP for Musgrave shares and represents a holding of 4.59% (undiluted) in the Company. On completion of the Placement the Company will hold approximately \$4.2M in cash. Musgrave will be manager during the minimum expenditure period of the Agreement.

Musgrave Managing Director Rob Waugh said "We are very pleased to partner with Evolution, one of the largest gold producers on the ASX and a highly regarded explorer. The JV will fast track exploration and we look forward to leveraging Evolution's extensive technical knowledge and

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*financial resources with our in-house expertise to accelerate potential gold discoveries at Cue. This is a positive result for Musgrave and a strong endorsement of the Company's projects and upside exploration potential."*

*"Musgrave will retain its interest in all areas hosting existing gold resources including Break of Day and Lena along with the Mainland option area which totals 172km<sup>2</sup> of exploration tenure. We welcome Evolution to the share register and the additional funding will support Musgrave's drilling and discovery efforts on the 100% retained ground."*

Commenting on the agreement, Evolution Vice President Discovery and Business Development, Glen Masterman, said: *"We are excited to be partnering with Musgrave to accelerate exploration of the Cue Project. Cue is a quality project which has the ability to generate new drill results that extend previously identified mineralised zones. This agreement is consistent with Evolution's strategy of focusing on orogenic and epithermal deposit styles that can create value through future discovery."*

The Cue Project is prospective for large Archaean greenstone orogenic gold deposits and includes drill ready targets like Lake Austin North and untested continuations of the Lena/Break of Day and Cuddingwarra Shear Zones which host multi-million ounce gold deposits in the region.

At Lake Austin North the Company has identified significant basement gold mineralisation and a 3km long regolith gold anomaly together with a broad zone of more than 8km in combined strike of basement gold targets that require follow-up basement drill testing. We remain confident that Lake Austin has the potential for further discoveries and is host to a significant gold system.

## **The Placement**

Evolution has executed a Subscription Agreement to acquire 18,587,361 ordinary shares in Musgrave at a price of \$0.0807 per share (price based on the 30-day VWAP immediately prior to execution of the Agreement).

The Placement will be completed within the Company's existing capacity under ASX Listing Rule 7.1 and accordingly no shareholder approval is required in connection with the Placement. Settlement of the Placement is expected to occur on completion of the conditions precedent. The new shares will rank equally with existing ordinary shares and will be subject to a voluntary escrow period of 12 months.

## **Summary of Commercial Terms of the Earn-in and Joint Venture**

The key commercial terms for the Earn-In and Exploration Joint Venture Agreement are outlined below:

- The Agreement covers Lake Austin and surrounding exploration tenure ("JV Area") but excludes all Musgrave's existing gold resources (including Break of Day and Lena) and the Mainland option area (*Figure 2*).
- Evolution can earn a 75% interest in the JV Area by spending \$18M within 5 years.
  - Evolution has committed to a minimum commitment of \$4M in the first 2 years.
- If Evolution does not spend the entire \$18M within 5 years, Musgrave will retain 100% ownership.
- Musgrave will manage activities during the minimum expenditure period.



- On completion of the earn-in, a joint venture will be formed between Evolution (75%) and Musgrave (25%) and each party will contribute to expenditure pro-rata or dilute.
- If a party's interest in the JV Area dilutes to below 10%, that party's interest will automatically convert to an 8% net profit interest on any minerals produced and sold from the JV Area, (capped at A\$20M).
- Following a decision to mine, Evolution will offer to finance Musgrave's share of all development costs in relation to any production area. The financing will be repayable with interest from 75% of Musgrave's proportionate share of net mine cash flow.
- The Agreement is subject to conditions precedent typical of such a transaction including the execution of the Subscription Agreement in regards to the Placement.

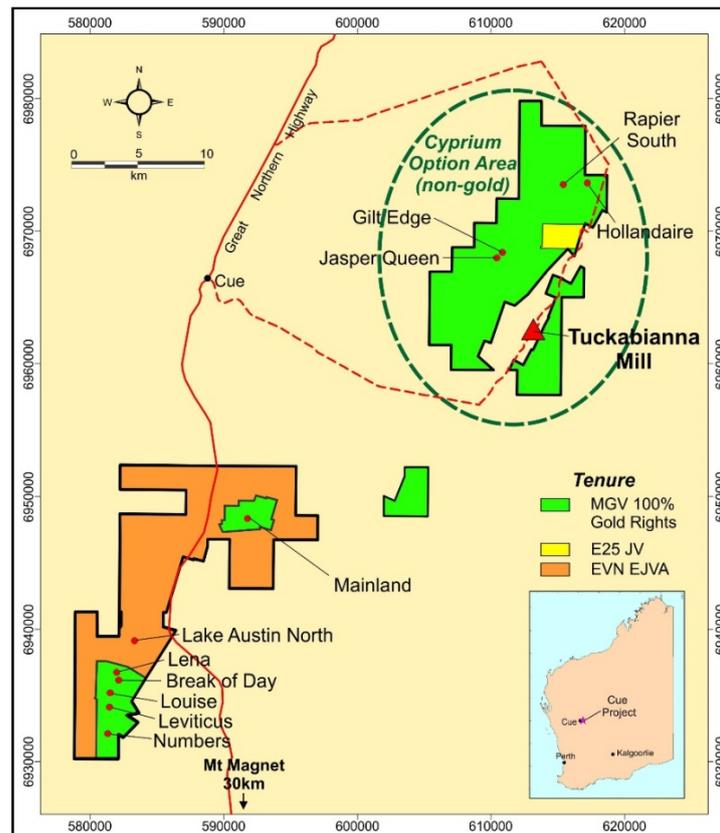


Figure 1: Cue Project location plan and new Evolution EJVA area

### Ongoing Exploration

- Musgrave has commenced an RC/diamond drilling program at Lena with further results expected in late-September. The aim of the program is to focus on the high-grade shoots and extend the resource.
- Follow-up RC drilling of recent high-grade gold results at Mainland and aircore drilling of new undercover targets is planned for early Q4.
- Musgrave and Evolution will work towards commencing a new drilling program at Lake Austin North and other lake targets where there is significant evidence of a potential large gold system.
- Further drilling at Break of Day to extend and grow the existing resource is being planned.
- Development studies on the Break of Day and Lena gold deposits to evaluate options to optimise cash flow and maximise shareholder returns are ongoing.



## THE CUE PROJECT

The Cue Project (“the Project”) is located in the Murchison district of Western Australia, with key gold tenure wholly owned by Musgrave (Figure 1). The Company has defined a +28km-long prospective gold corridor (Figure 2) that hosts the Break of Day and Lena gold resources (Break of Day hosts 868kT @ 7.15g/t Au for 199koz Au and Lena 2,682kT @ 1.77g/t Au for 153koz Au; see *MGV ASX release 15 October 2018, “Annual Report”*) and the new Lake Austin North gold discovery.

The Company believes there is significant potential to extend existing mineralisation and discover new gold deposits within the Project area, as demonstrated by the recent drilling success at Break of Day, Lena and Lake Austin North. Musgrave’s intent is to investigate options to best develop a low-cost operation, capable of delivering strong financial returns for its shareholders. Gold deposits commonly form in camps and exploration is continuing on multiple targets with the aim to define sufficient resources to enable a profitable stand-alone gold operation.

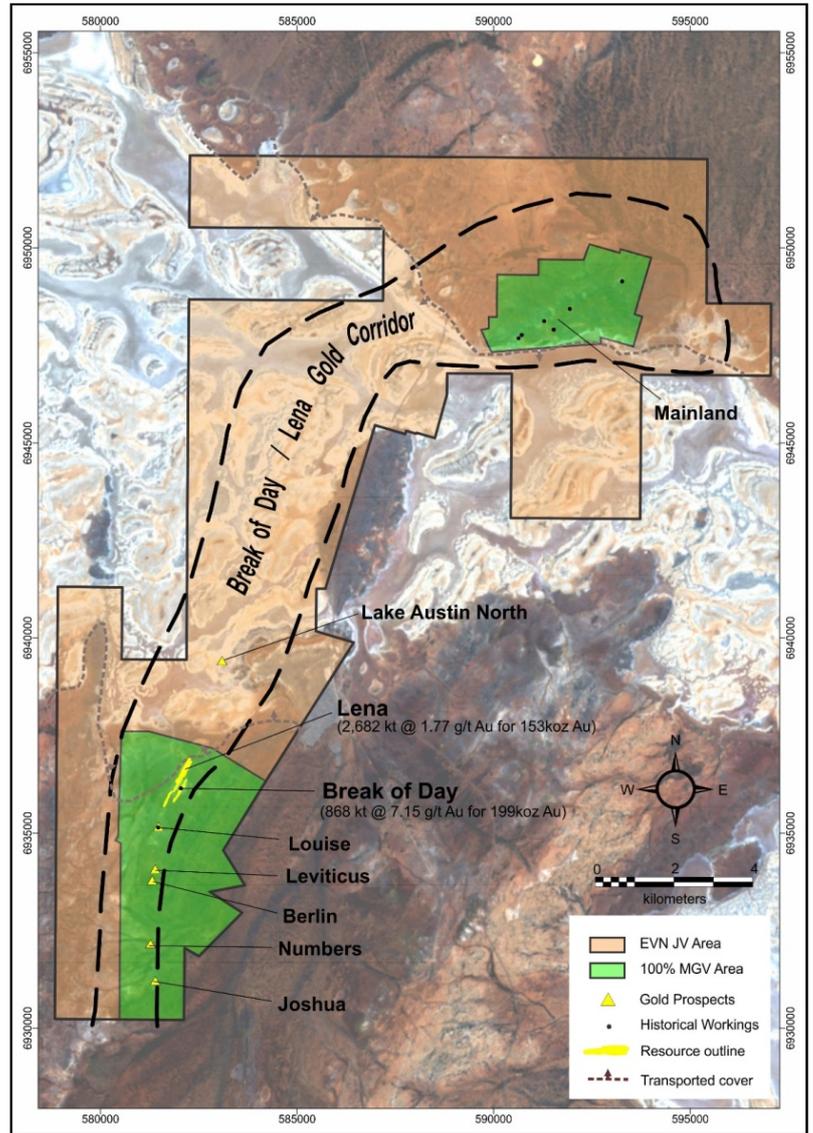


Figure 2: Cue - Location plan and new Evolution EJVA area on Landsat image

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### **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.