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Mining Gold

Musgrave screens as must-consider investment

Stuart McKinnon The West Australian

Fri, 2 July 2021 6:26PM +

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📷 Drilling at Musgrave's Cue project.



SPINIFEX: Mid-tier gold producer Evolution Mining showed it is serious about making a new greenfields discovery in WA this week after agreeing to kick in an extra \$5 million as part of an earn-in agreement with Musgrave Minerals.

The agreement represents the second stage of a five-year, \$18m farm-in deal struck in September 2019 over the explorer's Cue project and follows encouraging diamond drill results this week from the joint venture's West Island prospect on Lake Austin.

The best intersection of 11.5m at 3.2g/t Au from 245m including 3m at 10.6g/t is the result of an ongoing drill program aimed at testing a 7km-long anomaly.

Evolution clearly likes the look of the ground as well as the broader Cue region as evidenced by its original foray into the area, which involves a joint venture agreement with another junior in Enterprise Metals over the Murchison project about 40km to the north.

The Jake Klein-led company has its eye on a big prize at Cue given anything less than a 2Moz deposit is unlikely to move the dial for miner, which yesterday had a market capitalisation of nearly \$8b.

Until now, Musgrave has retained control of the JV area with Evolution having already spent \$4.5m, but the two parties will move to a joint operator model with \$13.5m left to be spent, which would see the miner snag a 75 per cent stake in the project.

The partners are set to begin follow-up diamond drilling next week with a continued focus on West Island, followed by an air-core program later this month testing earlier-stage targets.

The beauty of the joint venture with Evolution is that Musgrave hasn't sold the farm.

The company has retained 100 per cent ownership of a sizeable chunk of the Cue project and all the ground which hosts its known resource of 659,000oz.

Most of Musgrave's inventory sits in its Break of Day and Lena deposits, but the company's current focus is the Big Sky prospect to the south where it has already encountered thick mineralised intersections such as 84m at 1.4g/t from just 24m including 12m at 6.6g/t from 66m.

The company has an RC rig working Big Sky, with assay results pending for a further 50

holes

Regionally, Musgrave's Cue project sits within 70km of mills owned by Gascoyne, Ramelius and Westgold, giving it processing options.

Evolution holds a 4.1 per cent stake in Musgrave and Westgold has a smaller holding, providing some intrigue as a potential corporate play.

At yesterday's closing price of 37.5¢, Musgrave had a market capitalisation just shy of \$200m.

The Rob Waugh-led company held \$23.8m in cash at the end of March after raising \$18m in December.

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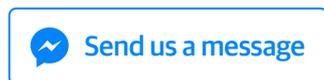
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