

Quick Comment

Musgrave Minerals (MGV \$0.315) Speculative Buy

Analyst	Date	Price Target
Michael Scantlebury	31 st May 2022	\$0.70/sh (UR)

Cue gold project closes in on 1Moz

Key Points

- Musgrave Minerals (MGV) has updated its **Total Cue gold project to 12.3Mt @ 2.3g/t gold for 927koz** (previously 616koz @ 3.5g/t Au), which is larger than we were expecting.
- The growth in the resource largely came from maiden resources at White Heat-Mosaic and Big Sky:
 - White Heat-Mosaic: 185kt @ 11.0g/t gold for 65koz
 - Big Sky: 4.65Mt @ 1.2g/t gold for 173koz
- Which includes the high grade Break of Day trend which sits at 327koz at 10.4g/t (includes White Head-Mosaic)
- Encouragingly the indicated resource category increased 44% and now hosts 492koz at 2.1g/t, which should help underpin further
- We highlight the excellent surrounding infrastructure, with 3 processing plants all located within 60km, with sealed highways, making the high grade (high margin) ounces within the Cue gold project an appealing target in our view.**
- The Company is now expanding the studies to integrate the White Heat, Mosaic and Big Sky deposits, although noted that due to current market conditions (labour shortages) and has therefore not set a date for the release PFS, although we would expect it to be released in in CY23 once conditions stabilise
- MGV currently has 3 drill rigs operating on its 100% ground aimed at growing the resource, with a further 2 drill rigs operated by EVN on the JV ground. Which should generate ongoing assay results over the coming weeks/months.
- The Company finished the MarQ cash with ~\$13m.

Table 1: Total Cue Project Gold Mineral Resources as at 31 May 2022

Deposit	Indicated Resources			Inferred Resources			TOTAL RESOURCES		
	Tonnes '000s	Au g/t	Ounces Au '000s	Tonnes '000s	Au g/t	Ounces Au '000s	Tonnes '000s	Au g/t	Ounces Au '000s
Moyagee – Break of Day High-Grade Trend									
Break of Day	451	12.1	176	346	7.7	86	797	10.2	262
White Heat-Mosaic	116	14.1	52	70	5.8	13	185	11.0	65
SUBTOTAL – Break of Day High Grade Trend	567	12.5	228	416	7.4	99	982	10.4	327
Moyagee Western Trend									
Lena	2,253	1.7	121	2,053	3.1	204	4,305	2.3	325
Big Sky	1,170	1.3	48	3,480	1.1	125	4,650	1.2	173
Leviticus	-	-	-	42	6.0	8	42	6.0	8
Numbers	438	1.4	19	378	1.3	16	817	1.3	35
SUBTOTAL – Western Trend	3,861	1.5	188	5,953	1.8	353	9,815	1.7	541
SUBTOTAL – Southern Area	4,427	2.9	417	6,369	2.2	452	10,797	2.5	868
Eelya									
*Hollandaire Cu-Au (Total)	2,179	0.3	21	605	0.4	8	2,784	0.3	29
*Hollandaire Cu-Au (MGV Attributable)	436	0.3	4	121	0.4	2	557	0.3	6
Hollandaire Gold Cap	197	1.3	9	62	1.2	2	260	1.3	11
Rapier South				258	1.7	14	258	1.7	14
SUBTOTAL - Eelya	633	0.6	13	441	1.3	18	1,075	0.9	31
Tuckabianna									
Jasper Queen	-	-	-	332	1.7	19	332	1.7	19
Gilt Edge	69	2.6	6	34	3.6	4	102	2.9	10
SUBTOTAL - Tuckabianna	69	2.6	6	365	1.9	23	434	2.0	28
SUBTOTAL – Northern Area	702	0.8	18	806	1.6	41	1,509	1.2	59
GRAND TOTAL	5,129	2.6	435	7,175	2.1	492	12,306	2.3	927

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Investment Thesis

Musgrave Minerals (MGV) continues to grow its Cue Gold project which now contains close to 1Moz (927koz at 2.3g/t). The project is underpinned by the high grade Break of Day trend which hosts 327koz at 10g/t. We highlight the excellent surrounding infrastructure, with 3 processing plants all located within 60km, with sealed highways, making the high grade (high margin) ounces within the Cue gold project an appealing target in our view. Often overlooked is the Musgrave - Evolution Cue Joint Venture (EVN earning 75%) with EVN intercepting what looks to be like encouraging exploration results that require further drilling. We have a Speculative Buy recommendation.

Musgrave Minerals (MGV)

Share Price	0.315	A\$/sh	Enterprise Value	156	A\$m
Price Target	0.70 (UR)	A\$/sh	Debt	0	A\$m
Valuation	0.71 (UR)	A\$/sh	Cash	13	A\$m
Shares on issue	537	m(dil)	Largest S.Holder		
Market Capitalisation	169	A\$m	Westminex	9.3%	m(dil)

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