

Musgrave gears up for growth

AS Musgrave Minerals' Cue gold project grows in scale, so too does the company's confidence that it can develop a new standalone operation in Western Australia.



Musgrave Minerals managing director Rob Waugh at the Cue project

Gold And Silver > Site-visits In late May, Musgrave upgraded the indicated and inferred resource at Cue by 41% to 12.3 million tonnes at 2.3 grams per tonne gold for 927,000 ounces.

Comments The update included maiden resources for more recent discoveries, White Heat-Mosaic and Big Sky, where drilling so far has only focused on the top 100m from surface down to 160m.

Share

Kristie Batten



White Heat-Mosaic has a resource of 185,000t at 11gpt gold for 65,000oz, including the resource for the high-grade Break of Day trend to 982,000t at 10.4gpt gold for 327,000oz.

Big Sky's resource stands at 4.65Mt at 1.2gpt gold for 173,000oz.

Musgrave considered the resource upgrade a turning point in that the project had reached a critical mass to be considered as a standalone development.

Prefeasibility level studies were already being carried out at the Lena and Break of Day deposits, with the newer deposits to be incorporated into planning.

The high-grade, open pittable resources along the Break of Day trend are expected to boost future project economics.

Given the high inflationary environment and tough labour market in Western Australia, Musgrave isn't putting a target date on completing the PFS but work already underway will allow it to expedite more advanced studies once things stabilise.

To further the company's development ambitions, it has appointed former Westgold Resources chief operating officer Anthony Buckingham as general manager, development.

While he is yet to officially start his new role, Buckingham joined a group of analysts and media on a site visit to the Cue project on Friday.

Canaccord Genuity analyst Paul Howard was also on the site visit and described Musgrave, which he rates as a speculative buy with a 70c price target, as an emerging WA developer.

"While labour and inflationary conditions make it challenging to build a mine today, Musgrave continues to de-risk and define resources, ready to enter the fray when the timing is right, in our view," he said.

Exploration upside

Visitors to site were given a sense of the potential scale of the Cue project, much of which remains underexplored.

Recent diamond drilling has been focused on finding repeats of the high-grade Starlight lode.



High-grade core from Cue

The Starlight and White Light lodes have a combined resource of 360,000t at 13.9gpt gold for 161,000oz.

"If this is here, how many more of these are there?" managing director Rob Waugh said.

The company is planning on drilling along a 7km-long basalt contact zone.

Drilling at the pre-resource Waratah trend, 400m east of Break of Day, has returned results including 2m at 28.1gpt gold.

Waugh said the strike lengths of the high-grade lodes were typically 80-100m so were easy to miss.

"If you're just off it, you might end up seeing only half a gram and then you need to follow that up," he said.

"You're not going out drilling out one big deposit. You're finding lots of small deposits but the upside of that is the grade, and it's obviously close to surface.

"You don't want to find small deposits like this at 300-400m depth necessarily but chasing them at 2-3m depth makes a lot of money, potentially."

Visitors to site panned for gold at White Heat, with most turning up specks of visible gold.



Visible gold at Cue

To the south of the high-grade lodes, Big Sky has the potential to be a larger system with more than 2.8km of strike.

While the resource grade is 1.2gpt gold, multiple parallel lodes have been intersected, returning grades of up to 13.3gpt gold.

Lodes remain open down-plunge. Drilling is currently underway at Big Sky.



Drilling at Big Sky

Drilling at the nearby Amarillo target has returned 11m at 8.4gpt gold from 66m and 7m at 23.7gpt gold from 102m.

Musgrave suspects Big Sky and Amarillo could join up as one large deposit but a water bore is currently preventing the company from drilling in between the two.

Musgrave also recently picked up new ground at Mt Magnet South which it says has good synergies with Cue.

A gravity survey is underway to define drilling targets.

Evolution JV

In 2019, Musgrave reached agreement with leading mid-tier producer Evolution Mining to farm-out ground on Lake Austin.

Waugh said a larger company had the funding and the technical capability to drill on the lake.

Evolution is able to earn 75% of the joint venture area by sole-funding \$18 million on exploration over five years.

Expenditure to the end of June is expected to reach \$13 million, highlighting the company's enthusiasm for the project.

Evolution is managing exploration and drilling is currently underway.

"They ideally want a new production hub in the Murchison," Waugh said.

"It's a matter of how they define that."

In April, thick basement gold intersections were reported from the West Island prospect.

Results included 2.9m at 9.59gpt gold from 308.1m; 19m at 4.43gpt gold from 282m, including 10.5m at 6.25gpt; and 12m at 4.89gpt gold from 322m.

Lake Austin currently has a mineralised footprint of more than 2.1 km.



Evolution is currently drilling at Lake Austin



Aspermont
Information for Industry

Copyright © 2000-2022 Aspermont Ltd. All rights reserved. Aspermont Limited (ABN 66 000 375 048), PO Box 78, Leederville, Western Australia 6902