

Musgrave Minerals Ltd: Stage 1 PFS Demonstrates Potential Value of Cue Gold Project

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Perth, Australia - [Musgrave Minerals Ltd.](#) (ASX:MGV) (FRA:6MU) (OTCMKTS:MGVMF) is pleased to announce the results of a Stage 1 Prefeasibility Study (PFS) on its 100% owned Cue Gold Project, situated in the heart of Western Australia's Murchison gold region. The outcomes of the study show a technically and financially robust project.

Key Highlights

- Confirms a financially attractive standalone project with an initial 5-year LOM demonstrating low cost, high margin gold production.
- LOM undiscounted, pre-tax, free cash flow of \$314M over 'Stage 1' 5-year term (A\$2,600/oz sale price), increases to \$427M at current spot of ~A\$2,950/oz.
- Payback period of 9 months from commencement of production, accounting for a standalone 500,000 tpa processing plant and three months pre-production activities totalling \$121M in startup capital.
- Stage 1 PFS gold production of 337,000 oz (345,000 oz mined) with the initial 3 years averaging 80,000 oz/year. The total LOM production includes approximately 77% Indicated and 23% of Inferred Mineral Resource.
- The Project displays robust financial metrics:
 - EBITDA of \$528M, with a C1 cost of A\$934/oz.
 - Average LOM AISC of A\$1,315/oz, including sustaining capital of \$93M over the LOM.
 - Pre-tax NPV8 of \$235M, with an IRR of 95% (\$215M and 91% post-tax).
- Stage 1 PFS cost profiles are based on the current inflationary environment, with 86% of the total costs having a direct Q1CY23 quoted price from service provider or contractor.
- Musgrave will rapidly advance to Stage 2 PFS with the aim of extending mine life through ongoing infill drilling to convert Inferred material as well as continued exploration and drilling of mineralised prospects to underpin an updated Mineral Resource Estimate in late 2023.

The Stage 1 PFS Life of Mine (LOM) plan focuses predominantly on the current 417,000 ounce Indicated component of the 868,000 oz Southern Area Mineral Resource to generate gold production of 345,000 oz with compelling physical and economic metrics.

Musgrave to rapidly advance to Stage 2 PFS which is expected to extend the LOM as ongoing drilling tests new prospects and extends and upgrades existing Inferred Mineral Resources into the mine plan, within Musgrave's 100% owned tenure.

Musgrave is continuing to fast-track drilling, to make new discoveries and grow and de-risk the resource base with a focus on adding mine life through the Stage 2 PFS. Any future resource additions in the S2 PFS will add mine life and continue to drive value for the project. The Company is also advancing technical studies and permitting to accelerate the project towards development.

Commenting on the Stage 1 PFS outcomes, Musgrave's Managing Director, Rob Waugh, said:

"The excellent Stage 1 PFS outcomes demonstrate that Musgrave's Cue Gold Project is one of the highest margin, undeveloped gold projects in Australia. This potential new standalone development has a rapid payback period of 9 months from first processing due to the extraordinary near-surface, high-grade nature of the Break of Day and White Heat deposits."

"The project has an IRR of 95% (pre-tax) and the potential to deliver over 65,000 ounces of gold annually over an initial 5 year period, including 80,000oz/year for the first 3 years, at an AISC of A\$1,315/oz and AIC of A\$1,675/oz (based on full amortisation of start-up capital). The project generates cashflow of \$314M (before tax) and an EBITDA of \$528M (at A\$2,600/oz) with a C1 cost of A\$934/oz. With this cost profile (based on Q1 2023 capital and operating cost assumptions), the Project is expected to be in the lowest cost quartile of gold producers in Australia."

"The Stage 1 PFS predominantly focuses on the current Indicated Mineral Resources at Cue which constitute only 47% of the total Resource base. The Stage 1 PFS includes the mining of 6 open pit deposits (Break of Day, White Heat, Lena, Big Sky, Numbers and Leviticus) and an initial 2 years of gold production from the upper levels of the Break of Day underground mine."

"A thorough and relatively conservative view was taken with the Stage 1 PFS utilising current costs from Q1CY23 RFQ's acknowledging the current inflationary environment while also applying topcuts, ore loss and dilution to the resources. The initial pre-production CAPEX for the proposed standalone development of a 500kt/pa processing facility (with supporting camp, infrastructure and pre-production mining activities) is \$121M. Reduced capital processing scenarios will be further evaluated during the Stage 2 PFS."

"The Stage 2 PFS, is set to add mine life through the extension and conversion of existing Inferred Resources to the higher confidence Indicated category, together with the potential inclusion of newly discovered resources. The Musgrave team has been very successful in defining new targets, making new discoveries and growing the resource base. The project has significant upside growth potential with recent discoveries like Amarillo and Waratah expected to add to the resource base in 2023 to align with delivery of the Stage 2 PFS in early 2024."

Presentation and Conference Call

Managing Director, Rob Waugh, and General Manager-Development, Anthony Buckingham will host a presentation conference call to discuss the Stage 1 Prefeasibility Study at 9:30am Australian Western Standard Time ("AWST"), 11:30am Australian Eastern Standard Time ("AEST") today, Monday 17 April 2023.

To join the conference call, participants will need to access the link below at the allocated time:
<https://www.abnnewswire.net/lnk/S6248QQ4>

To view the Stage 1 PFS Presentation, please visit:
<https://www.abnnewswire.net/lnk/A1J2C6S6>

About Musgrave Minerals Ltd:

[Musgrave Minerals Ltd.](#) (ASX:MGV) 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.

Source:
[Musgrave Minerals Ltd.](#)

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