

# Explorer's quest for success in hand

St George 'could be the next Western Areas'. Ngairie McDiarmid reports

Drill core from MAD15 with high-grade massive nickel-copper sulphides averaging 8.9%Ni and 3.2%Cu (based on XRF analysis)

**M**ASSIVE NICKEL-COPPER sulphide discoveries and a promising gold target at Ascalon – named after the lance the company's namesake knight used to slay the dragon – are giving St George Mining (ASX: SGQ) the upper hand.

St George Mining is notching up wins on its quest for exploration success under its company-making strategy.

Big name investors are backing the ASX-listed junior, which recently made further discoveries at its exciting Mt Alexander nickel-copper project in Western Australia's Eastern Goldfields.

It also has a strategic drilling campaign planned for early June at its "tantalising gold target" at Ascalon, in the company's 100%-owned East Laverton project.

The company's tenements are all in WA and it has a management team with vast industry and site-specific experience.

It has also been backed by WA mining identity Terry Streeter, the co-founder and former chairman of leading nickel miner Western Areas, which holds a 25% stake in part of the Mt Alexander project.

"Terry Streeter has joined us as a major shareholder in March and he sees the potential of St George," executive chairman John Prineas said. "He believes St George could be the next Western Areas."

Prineas said St George was delivering on its strategy to build



the company through exploration success.

"We are having significant drilling success at Mt Alexander and intersecting very high-grade nickel and copper at new targets," he said.

"We've increased our mineralised area to 1.5km with potential to expand that considerably."

In January, St George finalised its 75% acquisition of the Mt Alexander project from BHP Billiton, which had already identified and drilled three electromagnetic conductors at the Cathedrals prospect with high-grade nickel-copper sulphide intersections in every conductor.

"We've drilled another seven EM conductors at Mt Alexander and all seven are nickel-copper sulphides, so that's an exceptional success rate," Prineas said.

"We drilled four at the Cathedrals prospect and three on virgin ground at the Stricklands target.

"To have 10 hits from 10 conductors drilled and all proving nickel-copper sulphides – it's just extraordinary. It's actually freakish."

Prineas is keenly anticipating drilling new EM targets at the Investigators prospect, west of Stricklands, late in June.

"We've found a conductor at Investigators that has conductivity of 47,000 Siemens, three times more powerful than anything else we've tested," he said.

"If our 100% success rate continues, that conductor is going to be something special."

The discovery hole at Mt Alexander was MAD12 which intersected 4m at 4.9% nickel, 1.7% copper, 0.11% cobalt and 3.9g/t platinum group elements from 91.4m.

Prineas said this discovery hole compared favourably to the discovery hole at other major nickel sulphide discoveries in WA like Cosmos, Spotted Quoll and even Nova.

"Our drilling at Mt Alexander continues to intersect high grade mineralisation over a broad area and that supports our optimism that the project could develop into a new nickel sulphide camp like some of the successful mines we are being compared to," he said.

Highlights from the May drilling results include the discovery of massive nickel-copper sulphides 30m from surface at Cathedrals. MAD15 intersected 1.17m of massive sulphides from 30.17m with average metal values from interim XRF readings of 8.9%Ni and 3.2%Cu.

At Stricklands, MAD20 intersected 7.9m of ultramafic-hosted sulphide mineralisation from 46.5m with a textbook like gradation of mineralisation – commencing with disseminated nickel sulphides, increasing to matrix and stringer sulphides and culminating in massive sulphides with an average of 4.6% nickel and 1.9% copper from interim XRF readings.

The Mt Alexander project is 120km south-west of the Agnew-Wiluna belt, which hosts numerous world-class nickel deposits.

Prineas said the mineralisation



at Cathedrals was very unique with high grades starting just 30m from surface. The high values of nickel and copper, as well as cobalt and platinum group metals, suggest that a high value concentrate is likely to be produced from any future mining of the Mt Alexander deposits.

"There is economic grade mineralisation between 30 and 100m so we can do openpit mining, and the other outstanding feature is Mt Alexander's proximity to existing nickel mining infrastructure," Prineas said.

"The project metrics are already shaping up to be very attractive, with high grades, shallow mineralisation and processing plants putting up their hands for offtake."

Although the nickel price slumped to a 13-year low in February, Prineas points out nickel is an essential commodity and he firmly believes the cycle will lift sharply.

"When the cycle turns, if you have a quality asset you'll be richly rewarded," he said.

"We have that quality asset."

St George also has plenty of gold potential in its armoury, at a time when Australian gold producers are enjoying lower costs and strong prices due to the favourable US dollar exchange rate.

"Gold is the next cab off the rank," Prineas said.

"We have some terrific gold targets at East Laverton and we think they have multi-million-ounce potential.

"We're near the two largest gold discoveries made in WA in recent years: Gruyere, a six-million-ounce resource; and Tropicana, an eight-million-ounce resource.

"Like those discoveries, we're in an area where there's been a lack of exploration and we now have the opportunity to unlock the gold potential with modern exploration techniques."

Ascalon was identified as a high-priority gold target in conjunction with Dr Jon Hronsky, the chairman of the Centre of Exploration Targeting in WA.

"It's a very tantalising target and we plan to start drilling in early June," Prineas said. "At a concept level, it's as good as anything our geologists have seen in the Yilgarn."

Both Ascalon and the Oxford targets lie on the under-explored Minigwal greenstone belt in the Yilgarn craton, a world-class gold province.

Exploration at Oxford from hole OXFRC003 earlier this year identified copper and gold anomalies which St George believes is consistent with the periphery of a large gold system.

"Ascalon already satisfies many of the targeting criteria used to identify potential multimillion-ounce gold deposits and the latest drilling data from OXFRC003 further validates the potential of this target," Prineas said.

Unlike the legendary figure of St George who battled a dragon alone, this company has an experienced team driving its exploration success.

"Tim Hronsky is our technical director, and as a gold expert, he's coming into his own at East Laverton," Prineas said.

"His brother, Dr Hronsky, is our consultant with industry leading credentials for exploration targeting and he came up with the Ascalon target when he reviewed our data.

"Our exploration manager Matt McCarthy is driving the Mt Alexander project and he previously handled the project for BHP – so we've had seamless, continuous exploration expertise, which has made it easy to hit the ground running and one of the reasons we're having such good results from that project."

St George has cash in hand for its continuing nickel and gold drilling campaigns, thanks to a heavily oversubscribed capital raising in March, which garnered A\$2.3 million, and a wildly successful share purchase plan in April that aimed for \$255,000 but raised \$1.39 million.

"Investors can tell the difference when they see a good exploration story," Prineas said.

"We don't take that support for granted so it's pleasing that our continued successful results give us, and investors, confidence."

As well as the notable addition of Terry Streeter to the share registry, Prineas pointed out increased attention from institutions including New City Investment Managers – a specialist London-based resources fund.

"They have come on board at an early stage because they see our ability to deliver multiplier returns on investment," he said.

"People are recognising the quality of our exploration, our assets and our potential as the company evolves.

"We're certainly in an excellent position to begin our next round of drilling and build on our successful results so far." ■

Drill core from MAD20, the discovery hole at Stricklands, showing typical gradation of disseminated sulphides to high-grade massive nickel-copper sulphides



**"We are having significant drilling success at Mt Alexander and intersecting very high-grade nickel and copper at new targets"**

– JOHN PRINEAS  
EXECUTIVE CHAIRMAN

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### QUOTED SHARES ON ISSUE

207.2 million

### MAJOR SHAREHOLDERS

Impulzive (J. Dawson) 8%,  
J. Prineas 6%,  
Oceanic Capital Pty Ltd 4%,  
New City Investment Managers 3%

Diamond drilling under way at Mt Alexander

