

Project Dragon ready to breathe fire

Exploration at St George Mining Ltd's East Laverton project in the north-eastern Goldfields region of WA has been given a shot in the arm with BHP Billiton Ltd's subsidiary company exercising an option to earn interest in the project.

In late May BHP Billiton Nickel West began exploration at the East Laverton property that covers 1,810sq km on the eastern fringe of the Yilgarn Craton to earn a 'stage one' interest in the nickel rights to certain tenements.

St George, through its wholly owned subsidiary Desert Fox Resources Pty Ltd, entered into the farm-in agreement, named Project Dragon, with BHP Billiton's subsidiary company in April 2011. The agreement gave BHP Billiton the option to earn an interest in the project's nickel rights by spending \$3 million on exploration of the tenements over three years.

BHP Billiton nominated seven exploration licences at East Laverton to be included in the farm-in tenements for Project Dragon, enabling the company to earn up to 51% interest in the nickel rights for those farm-in tene-

ments.

BHP Billiton also has the option to increase its interest to 70% by sole funding a bankable feasibility study, in which case St George will be free carried for its 30% interest up to completion of the BFS.

However St George retains 100% of the rights to gold and all other metals within the project tenements.

By late May St George had also completed the first phase of drilling at its Cambridge nickel prospect, which also forms part of the East Laverton project.

The drill programme commenced in late April and consisted of 10 RC holes drilled for 2,295m.

Assay results are expected in the next month or so but in the interim the geochemical data will undergo XRF analysis.

The programme focused on drilling multiple nickel targets within the company's wholly owned tenements.

Drilling in 2012 confirmed the presence of fertile high magnesium oxide ultramafic rocks and identified disseminated nickel sulphides.

The 2013 drill programme has been designed to build on these earlier results by testing sites for nickel sulphide and gathering geological data to establish the controls of nickel mineralisation within the ultramafic belt.

Previous magnetic inversion modelling of the project by Southern Geoscience Consulting indicated the Cambridge body could reach depths of up to 1,500m.

Although the company's northernmost tenement was still in application stage in early June, the company plans to incorporate this area into its drilling programme once approved.

The company said this phase of drilling would provide a possible focus for future exploration towards the centre of the ultramafic body as part of the next phase of exploration at Cambridge.

In late April the company raised \$800,000 in a share placement through the issue of 5 million shares at 16c each. The funds raised will be applied towards the Cambridge drilling programme.

– Bree Swift

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