

Nickel projects and exploration

Getting ready to serve the EV surge

Five decades after the infamous Poseidon boom and bust, a more sustainable Western Australia-based nickel story is emerging on the back of the surging use of the metal in electric vehicle (EV) batteries.

The uptick of interest in the sector is reflected in major discoveries such as Chalice Mining's Julimar project near Perth and the ongoing merger talks between WA nickel leaders IGO and Western Areas.

Further afield, BHP and mining magnate Andrew Forrest are duking it out with competing takeover offers for Canada's Noront Nickel.

Meanwhile BHP, Australia's biggest nickel producer, has struck a supply deal with EV and battery giant Tesla.

Such moves suggest Tesla founder Elon Musk's famous plea – "please mine more nickel" – has not fallen on deaf ears. But it is questionable whether the slated and potential new production will be enough to satisfy forecast demand.

According to the International Nickel Study Group, nickel consumption has grown from 1.123 million tonnes in 2000 to 2.385 million tonnes in 2020, a compound annual growth rate of 5 per cent. The metal currently is used mainly for making stainless steel.

Despite a sharp downturn in production during the global financial crisis, nickel output has grown from 1.4 million tonnes in 2007 to 2.5 million tonnes in 2020.

However, the market is increasingly cognisant of a dearth of new commercial discoveries to underpin the next generation of nickel supplies and replace ageing mines, not just in Western Australia but other known nickel provinces.

If EV demand pans out as expected, a metal shortfall is likely to emerge – a looming investment opportunity that astute investors seem to be picking up.

The nickel price has factored in the tightening supply-demand dynamics, surging to a near-decade high of more than \$US20,000 (\$27,500) in mid-September – up 40 per cent year on year.

"We have been beating the drum about the EV revolution being a transformational event for nickel," says John Prineas, founder and executive chairman of WA nickel developer St George Mining (ASX: SGQ).

"The penny has dropped that it's now happening and the race to secure long-term supply has started."

St George is in a unique position – literally – with its high-grade Mt Alexander discovery in



John Prineas is founder and executive chairman of WA nickel developer St George Mining, which has embarked on a drilling campaign at its Mt Alexander project, where it has found high-grade nickel sulphides.

WA's Agnew-Wiluna region, the home to numerous world-class nickel sulphide deposits.

Mt Alexander is the only deposit in the Agnew-Wiluna region to contain not just high-grade nickel sulphides but also high-grade copper, cobalt and platinum metals.

"Nickel will drive the project, but the other metals are valuable and could well double the value of the ore," Prineas says.

"We are lucky because we can produce separate nickel and copper concentrates. Within the nickel concentrate we also have some cobalt credits and very high platinum group metals in both as credits."

Mt Alexander is strategically located near BHP's flagship Nickel West mines, with the Big Australian closely entwined in the development of the project.

St George acquired BHP's 75 per cent stake in Mt Alexander for a bargain \$300,000 in 2016 at a time when nickel was out of favour. Of course, times are very different today, with BHP turning to future-facing commodities such as nickel.

"BHP made the initial discovery and established a 200-metre mineralised footprint on the area known as the Cathedrals Belt," Prineas says.

"We continued drilling similar electromagnetic targets and made additional discoveries at targets known as Stricklands and Investigators, establishing mineralisation over a five-kilometre

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strike length." A feature of Mt Alexander's mineralisation is that it is extremely shallow – starting at 30 metres below surface compared with existing operations in WA, which are mining at depths of more than 1000 metres.

St George's geological thinking is that a bigger deposit should be at depth, with electromagnetic surveys suggesting that is indeed the case.

In April, the company reported its first deep discovery, in hole MAD199. The best assay was 330 metres downhole – an 11-metre interval grading 1.58 per cent nickel, 0.71 per cent copper and 1.23 per cent platinum group metals, with useful sniffs of cobalt as well.

"There's almost certainly more mineralisation

down there, we just need to continue to drill to find that scale," Prineas says.

St George is wasting no time by embarking on a diamond drilling campaign, initially targeting 5000 metres of deeper drilling.

At the same time, a scoping study into a low-cost 'starter' mine, based on the small but shallow and high-grade Stricklands deposit, is under way.

While St George remains nickel focused, it recently initiated a maiden drill program at its Paterson Project in the east Pilbara, another WA exploration hotspot.

The region hosts exciting copper-gold deposits including Rio Tinto's Winu, Greatland Gold and Newcrest Mining's Havieron and Cyprium Metals' Nifty.

St George also holds the Broadview Project in the state's Wheatbelt region – close to Chalice's Julimar platinum metals, nickel and copper project.

"It's an exciting time in the nickel space and with its unique high-grade discoveries at Mt Alexander and highly prospective projects in two other exploration hotspots in Western Australia, St George is well positioned to be a winner," Prineas says.

"With diamond drilling at both Mt Alexander and in the Paterson due to kick off again shortly, we expect a very busy and important period of news flow at a time when the market is looking for exciting exploration updates."

ST GEORGE MINING LIMITED

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