

ST GEORGE
MINING LIMITED

DAVE

Timing, both good and bad, plays a major role in the exploration game. When a handful of visitors (including Paydirt) stepped off a charter flight onto St George Mining Ltd's Mt Alexander nickel project in late August, it timed in with first core being pulled from the maiden hole drilled at the Radar prospect. The visit wasn't about Radar when first arranged but moments after managing director John Prineas and exploration manager Dave O'Neill stepped off the 10-seater Cessna, it became apparent the hole would dominate the day's discussion.

XRF testing of the maiden drill hole at the Radar prospect returned values of up to 6% nickel and 1.9% copper

Radar goes off for St George

Details of the hole (still to be assayed) were announced to the market the following day with 7.5m of nickel-copper sulphide mineralisation, including 2.6m of massive sulphides, identified starting 40m below surface. Appreciation quickly followed and by September 9, just 10 days after the core was recovered, St George shares had hit 24.5c, their highest levels since December 2017.

If timing played its part on making the trip worthwhile, the wider ramifications for the Mt Alexander project (a 75/25 JV with Western Areas Ltd) and St George are also benefitting from timing.

St George has been a diligent nickel explorer for nearly a decade but its efforts have often been thwarted by a depressed nickel market or inadequate funding for juniors. When the nickel price was up, St George was struggling for funds, when the company eventually had cash market interest in nickel was on the wane.

This time, however, commodity and equity markets could be in concert for the foreseeable future.

Nickel is enjoying its best run in years thanks to the momentum building in the EV space and supply concerns stemming from Indonesia. Established miners such as Independence Group Ltd and Western Areas enjoyed strong support in August and early September as investors piled in on the back of a 50% nickel price spike since the beginning of July.



St George managing director John Prineas proudly displays core from the exceptional first diamond hole at Radar

Investors appear to now be turning to the next generation of nickel developments. The problem is, after years of poor fundamentals, there are few options available.

"We are unique in the nickel space," Prineas told *Paydirt* after the company received a speeding ticket from the ASX over its price rise. "There are a few nickel explorers around but none of them are near the point we are where we could very quickly move into resource definition and then development."

The recent price spike may have been fuelled by the Radar announcement but St George has been an overnight success years in the making.

The company took on Mt Alexander from BHP Ltd in late 2015. BHP had identified the Cathedrals nickel-copper sulphide prospect but had spent little time testing the rest of the interpreted 16km-long belt.

St George's initial work was designed to confirm the Cathedrals mineralisation. Massive sulphides were intercepted 30m from surface with a best hit of 7.5m @ 3.9% nickel and 1.7% copper including 3.15m @ 6.4% nickel and 2.4% copper. That early success was followed by step-out drilling to the east at the untested, outcropping prospects at Investigators and Stricklands.

Prineas said the company had been very deliberate in its approach to Mt Alexander.

"BHP had only drilled 200m of the Cathedrals prospect so there has been a lot for us to do," Prineas said. "We had to test Stricklands and Investigators early as they were outcropping. It has been a methodical and meticulous programme as it is a highly unusual system; striking east-west whereas the ultramafics in WA all strike north-south. So, it has not been easy to drill out quickly and we have had to work out the geological genesis of the mineralisation."

Further success was generated from drilling at Stricklands (17.45m @ 3% nickel and 1.3% copper, including 5.3m @ 4.4% nickel and 1.5% copper) and Investigators (8.49m @ 5.8% nickel and 2.6% copper, including 6.39m @ 6.5% nickel and 2.8% copper) but with nickel languishing, market interest failed to materialise.

"We could have gone faster if we had more money and the incentive was there but the nickel price has not been great over the last few years so there was no



The maiden drill hole at Radar intersected 7.5m of nickel-copper mineralisation, including 2.6m of massive sulphides

incentive to rush into resource definition and development," Prineas admitted.

Instead, the company continued with its patient approach, undertaking down-hole EM around the three identified prospects and fixed loop EM on an area to the east of the known mineralised zone.

"Our initial exploration focused on the outcropping areas in that central 5km of the belt because either side of that had sand cover," Prineas said. "We undertook powerful SAMSON fixed loop EM and found a couple of weak anomalies but decided the SAMSON wasn't enough with the cover so went back with moving loop EM which allows you to see more under the cover."

Radar lit up in the moving loop EM and St George quickly decided to test the prospect with a diamond hole. The result, as witnessed by *Paydirt* on August 28, was 7.5m of massive, blebby and matrix sulphides from 44m below surface. Handheld XRF readings returned values of up to 6% nickel and 1.9% copper in the massive sulphides.

While highly encouraging in its own right, the Radar discovery points to the wider potential of the eastern end of the Cathedrals belt.

"The hole at Radar has returned 7.5m of nickel-copper sulphide mineralisation, including 2.6m of massive sulphides. At 40m below surface, that is definitely economic," Prineas said. "But, it has also established another 1km strike length on the belt. So, not only is it a new prospect which will mean more tonnes in a

SITE VISIT

The Mt Alexander project, on the Agnew-Wiluna belt, remains one of the Eastern Goldfields lesser known nickel regions



Dave O'Neill, Charles Wilkinson, Prineas (all St George) and Argonaut Securities analyst Matthew Keane look over freshly recovered core from the Radar drilling



resource but it also extends the strike length, pointing to a mineral system that is longer and which should have depth extensions as well that we haven't even tested yet."

While the DDH1 drill rig was due to move onto the down-hole EM targets at Investigators and Stricklands, St George is already planning its next activity at and around Radar.

"We are now doing down-hole EM and will hopefully find more mineralisation along strike," Prineas said. "The next step will be RC or possibly more diamond drilling. We would like to get more diamond core for orientation work, etc. to see how it all hangs together. We may have to drill some holes specifically for down-hole EM but we will also drill standard step-out holes as well."

The drill rig is already stepping out to the east with another moving loop EM target, Bullet, expected to have been drilled at the beginning of September. Now that mineralisation has been established to the east, the exploration team is keen to extend the programme further

"To the east we also have Fishhook, which is another fantastic anomaly," Prineas said. "It is the best geochem anomaly we have and with the moving loop EM results emerging from it now, you couldn't ask for a better target."

To the west of Investigators, the company is also eager to test the Mt Ida fault target.

"It is a deep crustal fault that many believe could be the source of the mineralisation. We are doing moving loop EM on that now but it is still early days," Prineas said.

The recent string of exploration and market successes has given St George both impetus and confidence and Prineas



Radar was one of the first targets tested in a programme which will cover new prospects and down-hole EM conductors associated with known mineralisation on the Cathedrals belt

is now bullish on the company's forward-looking plans.

"Our patience has been justified and we keep finding more mineralisation which will ultimately result in a bigger resource and bigger project," he said. "We still don't understand it 100% but we have got a much better idea so we can begin to go harder and I have a feeling funding will be less of the problem from

now on so we can lift the pace.

"In the next few months we expect to make announcements on the initiating of scoping studies and other studies.

"We have also got the incentive of the nickel price to push us along."

The gathering momentum is also beginning to be felt on St George's share register with a number of institutional investors beginning to show interest.

"I think they are coming on board due to the excitement about the nickel price and the project itself," Prineas said.

The company also has the backing of JV partner Western Areas which is free-carried for its 25% interest until a decision-to-mine.

"We talk to Western Areas regularly," Prineas said. "They are happy with the work being done – most of the St George exploration team are ex-Western Areas – and they are certainly watching us a lot more closely now."

The growing recognition about nickel's role in the impending EV revolution has numerous miners, traders and end-users brushing up on the sector's junior explorers and St George has already fielded inquiries from such groups.

"We have had interest from overseas groups wanting to talk about the role they can play in developing the project," Prineas said.

For now, he is happy to fund Mt Alexander through traditional routes, a strategy made simpler by the recent share price climb.



Hands on: The St George exploration team was keen to get to grips with the core from Radar

"There is \$3.5 million in the bank which is enough to fund this drilling programme but with the share price the way it is, there is sure to be something happening in the next few months," he said.

"As we haven't had a resource out the share price has been a bit up and down but as we develop, I think it will show stability. The Top 20 shareholders have been very stable and loyal. They appreciate the quality is there and that it would only be a matter of time before the value is created. They know there will be a mine here, it just depends what size and scale."

– Dominic Piper



St George is beginning to reap the benefits of its methodical, meticulous approach to exploration at Mt Alexander