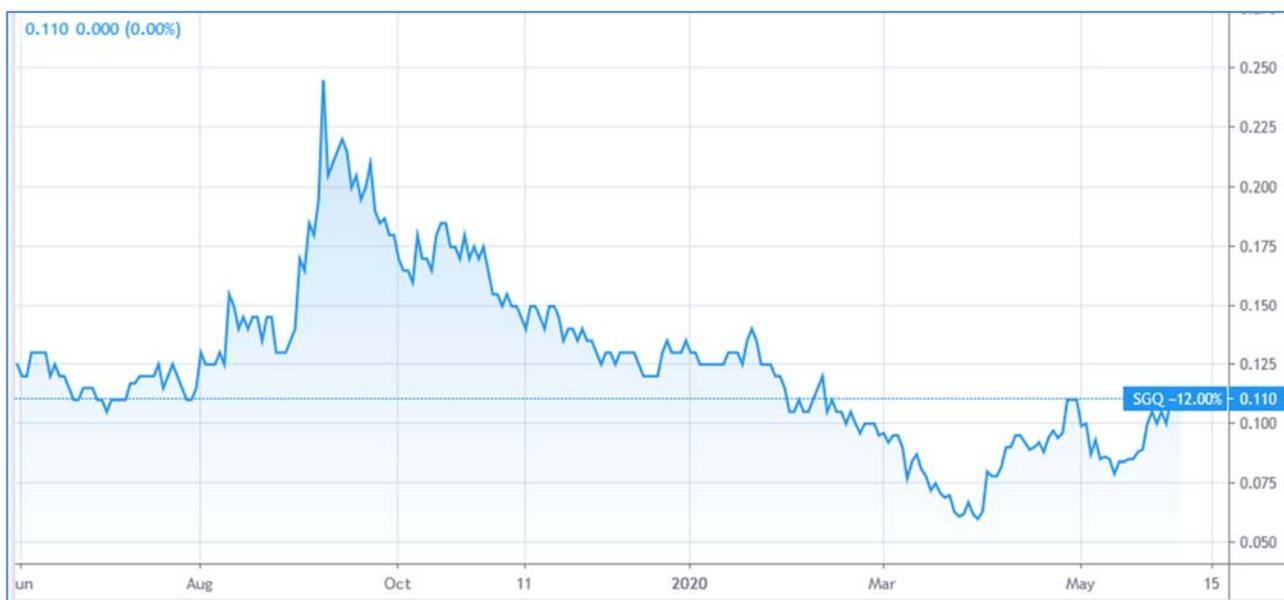


Wednesday 3<sup>rd</sup> June, 2020

### Portfolio Stock Developments

**St George Mining** - (ASX: SGQ, Share Price: \$0.11, Market Cap: \$50m, coverage initiated @ \$0.175 in May 2016)



### Key Catalyst

***Major 13,000m RC/diamond drill program at Mt Alexander underway to test a range of nickel-copper sulphide targets identified by magnetotelluric and audio-magnetotelluric surveys.***

SGQ has figured prominently in our coverage universe since initiation in May 2016, with the company remaining strongly committed to regional exploration at its Mt Alexander project in WA's goldfields region. SGQ set the market alight during late 2017 on the back of exciting high-grade drilling results that intersected nickel-copper-cobalt-PGE sulphides. The composition of the mineralisation within the Cathedrals Belt, comprising an elevated copper-nickel ratio, cobalt and PGE values and basalt host rocks, is more akin to an intrusive mineral system – like Raglan, Voiseys Bay and Norilsk - rather than typical Kambalda-style extrusive deposits. The company is looking to recapture some of the sharemarket momentum that has been lost since August 2019, when the stock traded intra-day as high as \$0.255, with a 13,000-metred diamond/RC drilling program just commenced at its Mt Alexander project.

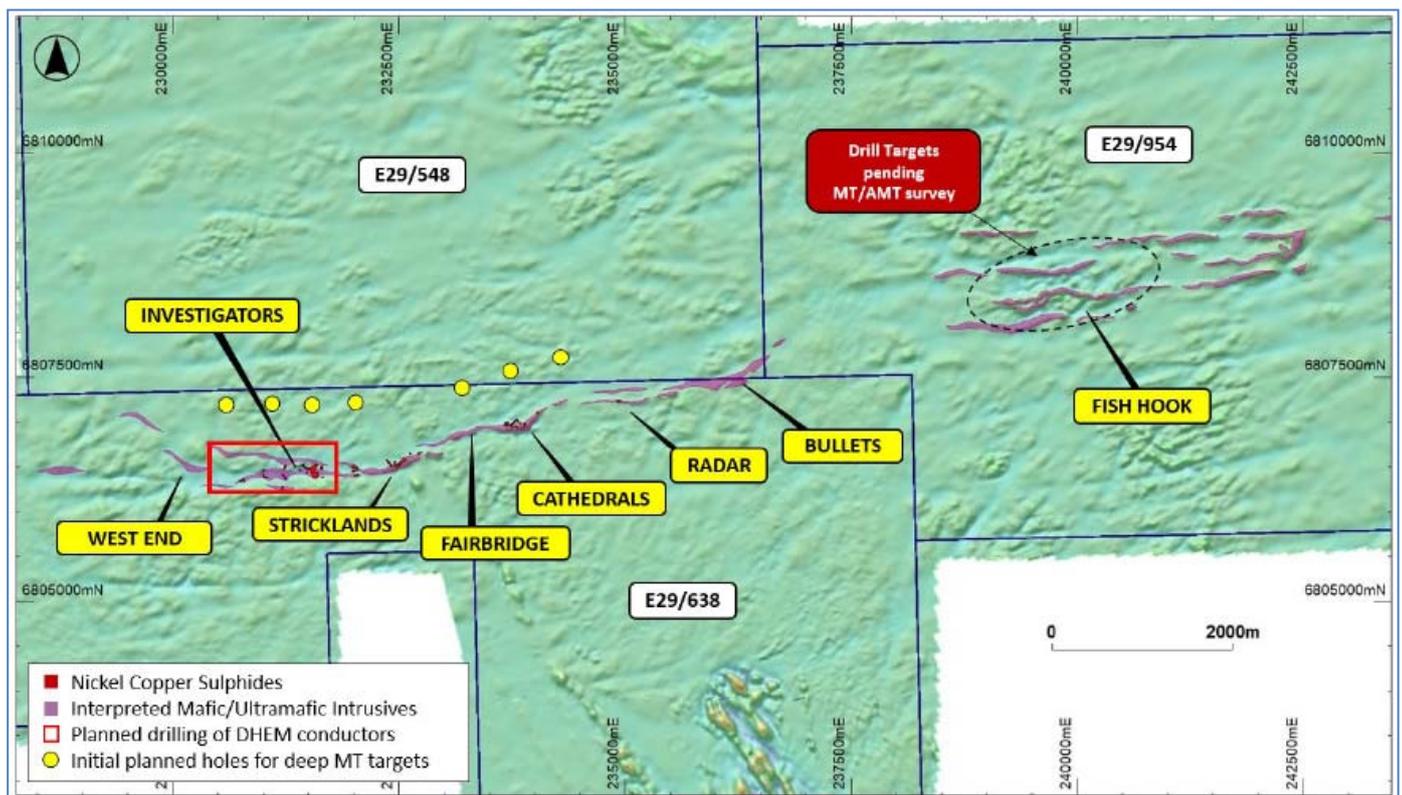
Latest Activity

**Mt Alexander Exploration Update**

SGQ has commenced a major drilling program at its flagship Mt Alexander Project in the north-eastern Goldfields of Western Australia, comprising approximately 13,000m of planned diamond and RC drilling across a range of nickel-copper sulphide targets.

Overview

This multi-rig program will see diamond drilling focus on testing new conductive features identified by the magnetotelluric (MT) and audio-magnetotelluric (AMT) surveys completed earlier this year. These new conductive targets are located deeper than the current extent of drilling and have the potential to deliver new nickel-copper sulphide discoveries. Meanwhile, RC drilling will focus on testing shallow targets at the Fish Hook and West End Prospects, as well as completing the resource definition drilling at the high-grade Stricklands deposit.



**Figure 1:** Cathedrals Belt showing areas of planned drilling and overlaying interpreted geology and magnetics (TMI RTP 1VD).

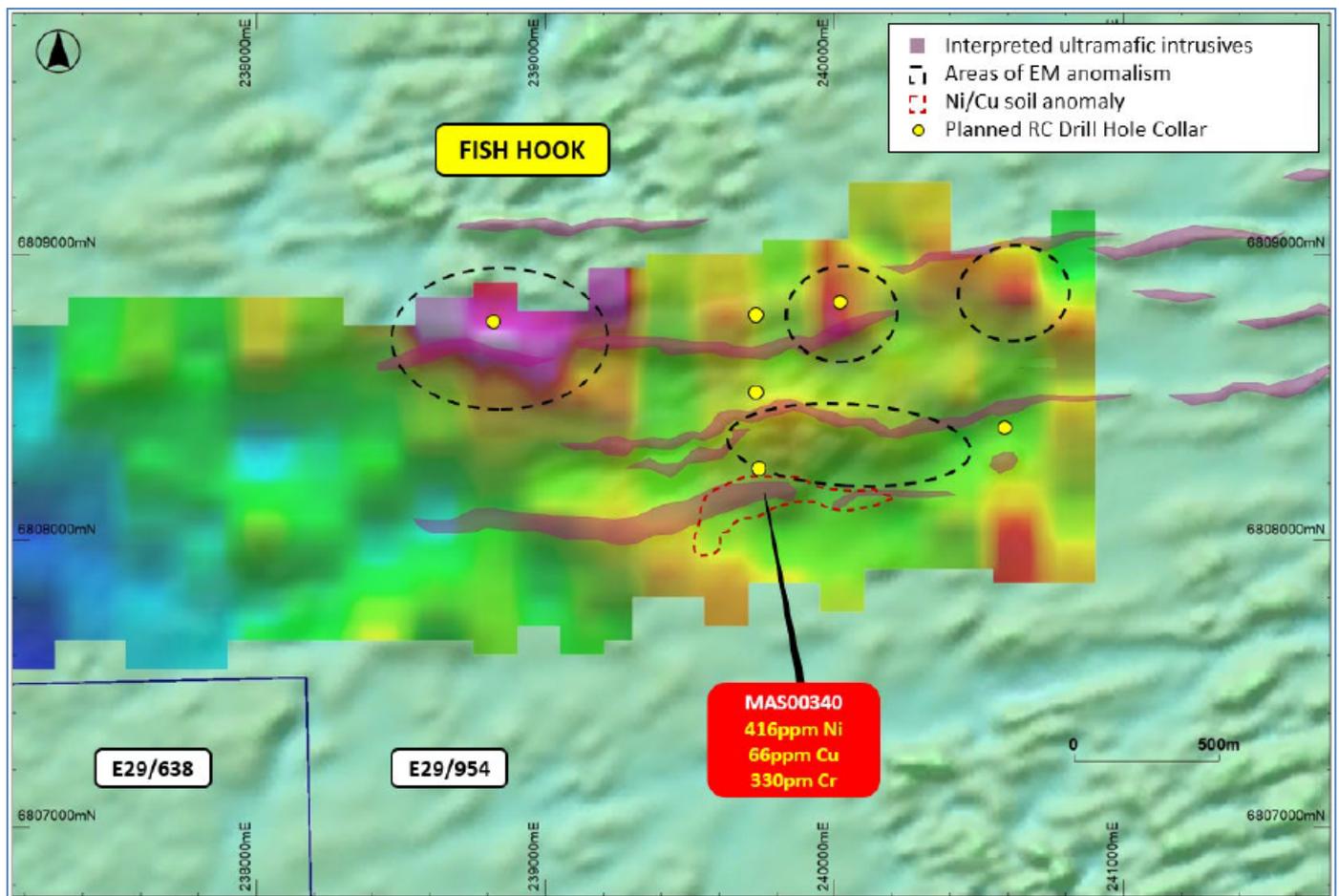
Details

At the Fish Hook prospect, the first-ever drilling program is being undertaken, with six RC drill-holes initially planned with an average depth of 150m. The Fish Hook prospect occurs within the interpreted 8,000m eastern extension of the Cathedrals Belt and is located within Exploration Licence 29/954, which is owned 100% by SGQ. The planned drill holes will test the high-order nickel-copper soil anomaly

identified at Fish Hook by the 2019 soil survey. A broad area of elevated nickel and copper was identified by the soil survey, supporting the potential for nickel-copper sulphide mineralisation at depth. The holes will be drilled to the south, designed to intersect the potential ultramafic stratigraphy that in other parts of the Cathedrals Belt is known to dip to the north.

The soil anomaly is also coincident with linear magnetic features observed in the magnetic surveys for the Fish Hook area. These linear magnetic trends are similar to those that, in other parts of the Cathedrals Belt, have been confirmed by drilling to be intrusive mafic-ultramafic units.

The SQUID moving loop EM (MLEM) survey completed at Fish Hook earlier this year also recognised several areas of EM anomalism in a single component of the EM data (Channel Z). The EM anomalies are coincident with the interpreted ultramafic intrusives, making these areas compelling areas for drill-testing.



**Figure 2:** Fish Hook Prospect showing planned drill hole collars as well as the location of the large nickel soil anomaly and SQUID MLEM (CH28Z) anomalism against magnetic (RTP 1VD) data.

Meanwhile, diamond drilling will test new, deeper targets identified by the recent magnetotelluric and audio-magnetotelluric (MT/AMT) surveys along the Cathedrals Belt. This drilling will initially focus on the large conductive feature identified below the shallow high-grade nickel-copper sulphide deposit at the

Investigators prospect. Seven drill-holes are initially planned to depths of between 500m to 700m down-hole, drilled towards the south to intersect the prospective stratigraphy that dips steeply to the north.

### Technical Significance

The recommencement of drilling has been keenly awaited and has already resulted in an improvement in SGQ's sharemarket fortunes.

The shallow deposits discovered to date have confirmed that the mineral system at the Cathedrals Belt hosts outstanding mineralisation - with high grades of nickel, copper, cobalt and platinum group metals.

The MT survey completed this year has confirmed the presence of conductive features beyond the current extent of drilling. This new data is a significant breakthrough in exploration at Mt Alexander and has provided a blueprint to the structural framework of the mineral system that will guide SGQ's drilling of the deeper targets.

In addition to drilling these deep conductive targets, SGQ is also undertaking the first-ever drilling at the Fish Hook Prospect. With a high-order soil anomaly coupled with EM anomalism and interpreted ultramafic intrusives, this drilling has the potential to deliver another 'greenfields' nickel sulphide discovery.

The drilling campaign will also include resource definition at the shallow Stricklands deposit. With high-grade mineralisation starting 30m from surface, Stricklands could potentially support a low capital cost, high-margin mining operation that could be fast-tracked to development.

### **Project Overview**

The Mt Alexander Project is located 120km south-southwest of the Agnew-Wiluna Belt, which hosts numerous world-class nickel deposits. The project comprises five granted exploration licences – E29/638, E29/548, E29/962, E29/954 and E29/972. The Cathedrals, Stricklands, Investigators and Radar nickel-copper-cobalt-PGE discoveries are located on E29/638, which is held in joint venture by SGQ (75%) and Western Areas (ASX: WSA) (25%). SGQ is the Manager of the Project, with WSA retaining a 25% non-contributing interest in the project (in regard to E29/638 only) until there is a decision to mine.

### **Summary**

***It's great to see SGQ returning to its Mt Alexander project with a comprehensive drilling program. With multiple intersections of high-grade nickel-copper sulphides over a broad area and favourable project economics, Mt Alexander is emerging as a major new nickel sulphide camp in Western Australia. The location of the project near the world-class nickel sulphide mines in the Agnew-Wiluna belt provides SGQ with access to existing roads and infrastructure, as well as opportunities to utilise existing processing plants. SGQ remains held within our coverage Portfolio.***

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