

St George pitches sexy angle

Glenore has predicted exponential growth in demand for nickel over the next 20 years, with lithium batteries and the growing electric vehicle market the catalysts.

"I think the smart investors will start to see that growth profile and will want to try and back a company that can keep growing through that increase in demand for nickel," St George Mining Ltd executive chairman John Prineas told **Paydirt**.

Although disappointed the nickel price has trended "sideways" and "remains in the doldrums", sitting at about \$US10,000/t for the past 12 months, Prineas is confident St George is shaping as the nickel stock of choice for investors to consider.

The reason for Prineas' bullishness is the drilling success at Mt Alexander – a 75:25 JV with Western Areas Ltd – and the reaction from some punters willing to take a long-term view on the nickel market.

"The reception from institutional-type investors has been very good. I did a trip to London a couple of months ago with some of our institutional investors and got a very good response there. Institutional investors like the nickel thing at the moment; nickel is in the doldrums, but

they see it as being one of the few commodities that hasn't had a run yet and is bound to have a run in due course; it is an essential commodity."

Prineas said the London investment community was prepared to be more patient with nickel players and look at their prospects 2-3 years from now, while Australian investors were expecting to see upside potential at a faster rate.

At the time of print, Prineas was making a trip to New York to test the North American market for the first time.

Prineas was hoping to get a similar response in New York to the one received in London and was banking on an understanding of the electric vehicle and lithium ion battery market to get his pitch across.

"It takes a bit to explain the nickel sector; Australians get nickel, the London crowd get it even better," Prineas said.

"Certainly with electric vehicles, which are getting a lot of attention in the North American market with lithium batteries, we all know nickel is a major component of those. All of a sudden nickel is not just about stainless steel; it has the sexy angle to it with the lithium batteries and electric vehicle story, which both have huge growth potential."

For the reasons pointed out, the nickel market dynamics will be well known to North American investors, however, Prineas may need to delve a little further into why he thinks St George is the hottest emerging stock on the block.

At Mt Alexander, where St George and Western Areas are JV partners on exploration licences E29/638 which host the Cathedrals, Stricklands and Investigators nickel-copper-PGE discoveries, high-grade nickel and copper mineralisation continues to be intersected.

"We continue to drill out at Mt Alexander and hit some wonderful mineralisation – massive nickel sulphides in some of the richest komatiite-hosted sulphide ever seen – the quality of our mineralisation is fantastic. It is shallow, 30m from surface, which is freakishly unheard of. We have gone down 150m and still hitting that high-grade type of mineralisation," Prineas said.

"We definitely have got the mineralisation to grow the company. The magic thing now is to get the nickel price moving. If we continue to discover nickel sulphides and grow our resources and then if the nickel price rises that is going to turbo-charge shareholder value."

Results from drilling released early in June confirmed extensions to known mineralisation in the Cathedrals belt and revealed new zones of mineralisation in areas previously untested by drilling.

St George was awaiting results from DHEM surveys conducted at the time of print, while surface EM surveys also taking place may lead to more potential drill targets.

Meanwhile, a major reconnaissance MLEM survey over the structural corridor 1km south of the Cathedrals belt was expected to be completed at the end of June.

Once the MLEM survey is completed, a high-powered SAMSON EM survey over the western part of the Cathedrals belt is planned after drilling at Investigators indicated that massive sulphides are present at increasingly deeper levels.

In addition to the work at Mt Alexander, 120km south, south-west of the Agnew-Wiluna belt, St George will be active at the East Laverton gold project where about 3,000m of RC drilling (results pending at the time of print) has been completed and another 3,000m planned, while diamond drilling of the Windsor nickel sulphide target was under way in June.

– Mark Andrews



Mt Alexander – a JV between St George and Western Areas – continues to emerge with exciting massive nickel sulphide potential