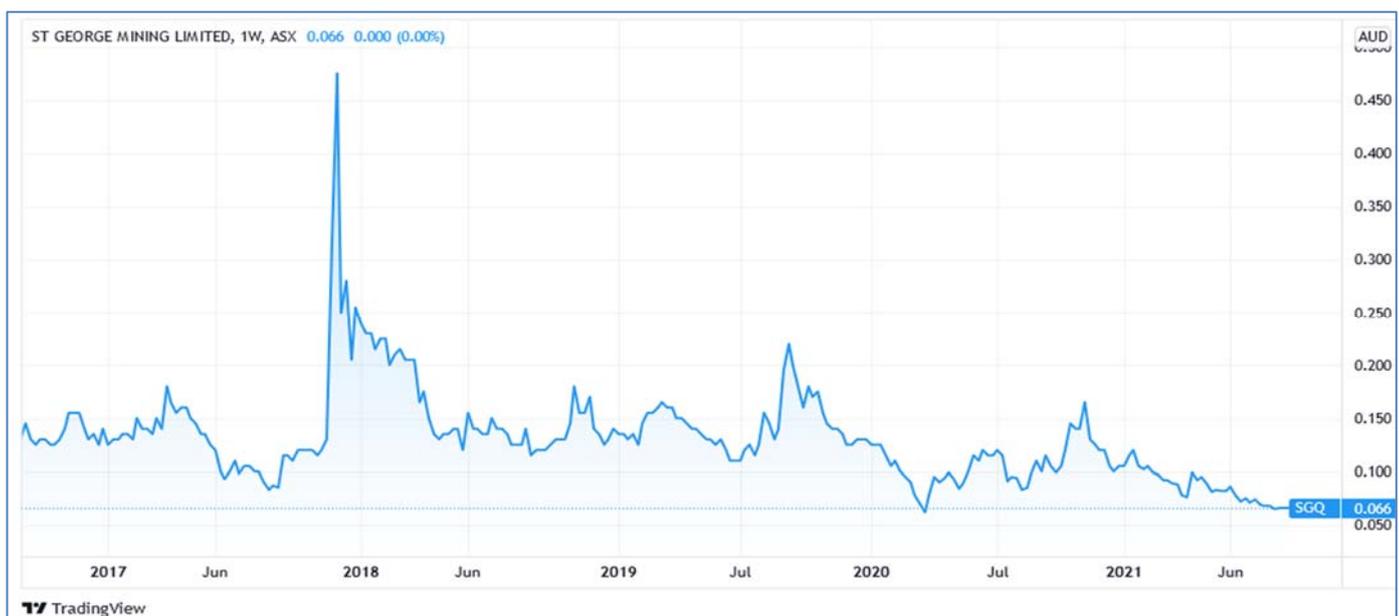


Tuesday 31<sup>st</sup> August, 2021

### Portfolio Stock Developments

**St George Mining** - (ASX: SGQ, Share Price: \$0.066, Market Cap: \$39m, coverage initiated @ \$0.175 in May 2016)



### Key Catalyst

***Drilling of nickel-copper sulphide targets is underway at Mt Alexander Project in WA, along with infill drilling at the Cathedrals Prospect, targeting near-surface mineralisation across +200m strike.***

SGQ has figured prominently in our coverage universe since initiation in May 2016, based on the company's strong commitment to properly evaluating the exploration big picture at its Mt Alexander project in Western Australia'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 it has lost over recent years, and in a strong nickel price environment, exploration success in the current program has the potential to generate significant market interest.

## Latest Activity

### **Mt Alexander Exploration Update**

SGQ has provided an update with respect to ongoing exploration activity at its flagship Mt Alexander Project in Western Australia's north-eastern goldfields.

#### Overview

SGQ has commenced drilling of nickel-copper sulphide targets at its Mt Alexander Project, together with a program of infill drilling at its Cathedrals Prospect.

These early-stage targets have been generated by the company's ongoing exploration program and provide an opportunity to expand the footprint of mineralisation at Mt Alexander with a new discovery.

Infill drilling will also be undertaken at the Cathedrals Prospect, where high-grade nickel-copper sulphides have been intersected at shallow depths across a strike length of more than 200m. The combination of high-grade nickel, copper, cobalt and platinum group metals is simply not seen anywhere else in Australia.

In a strong nickel price environment, exploration success in the current program has the potential to generate significant market interest.

#### Details

##### **E29/1041**

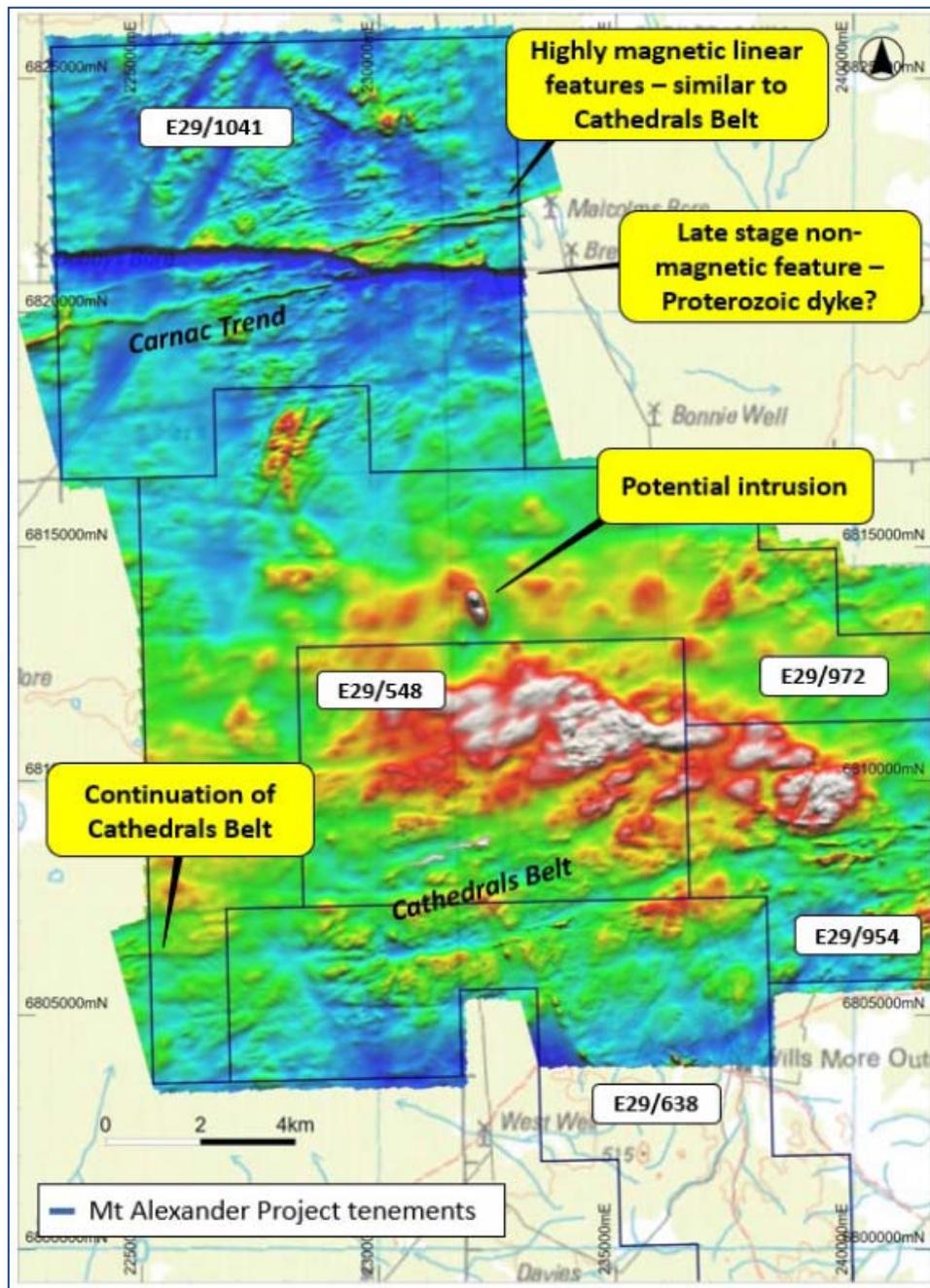
The first holes to be drilled in the current program will be at the newly-defined Carnac Prospect within E29/1041. Initially, seven drill holes are planned for Carnac with an average downhole depth of 100m to confirm the presence of mafic-ultramafic intrusive-style rocks and/or nickel and copper anomalism. This is the first ever drilling at Carnac, which encompasses a linear magnetic trend that extends east-northeast across the tenement for more than 8km.

Anomalous values for nickel, copper and chromium were returned by a soil survey partly completed over this trend. The distribution of the anomalous soil values correlates to the shape of the strong linear magnetic trend and supports the interpretation that the magnetic trend may represent a mafic intrusive unit – similar to the east-northeast-oriented Cathedrals Belt – with potential to host nickel-copper sulphide mineralisation.

##### **E29/972**

The airborne magnetic survey completed earlier this year over E29/972 identified a very strong magnetic anomaly. The magnetic high has a strike length of approximately 600m and a width of 250m, and the shape and location of the magnetic feature is unusual for the area and is notably different to the largely granitic rocks within the vicinity of the anomaly. Magnetic features such as this may represent a late-stage intrusion that could be prospective for base metals or gold.

Initially, two drill holes with an average downhole depth of 150m will be completed at this target, with the aim of identifying the source of the strong magnetic signature. If intrusive lithology is present, drill results will also assist to determine its prospectivity to host any mineralisation.



**Figure 1:** Map showing E29/1041 where Carnac Prospect drilling will take place, together magnetic data image (1VD) over the northern areas of the Mt Alexander Project, with the potential intrusion on E29/972 highlighted.

## E29/962

E29/962 hosts the southern extent of a north-south oriented ultramafic belt (the “Eastern Belt”) that lies parallel and to the east of the main Mt Alexander ultramafic belt. The main Mt Alexander Belt is an Archaean greenstone belt and is known to host komatiitic ultramafics and associated nickel sulphides, rather than the mafic-ultramafic intrusive-style nickel sulphides found within the Cathedrals Belt.

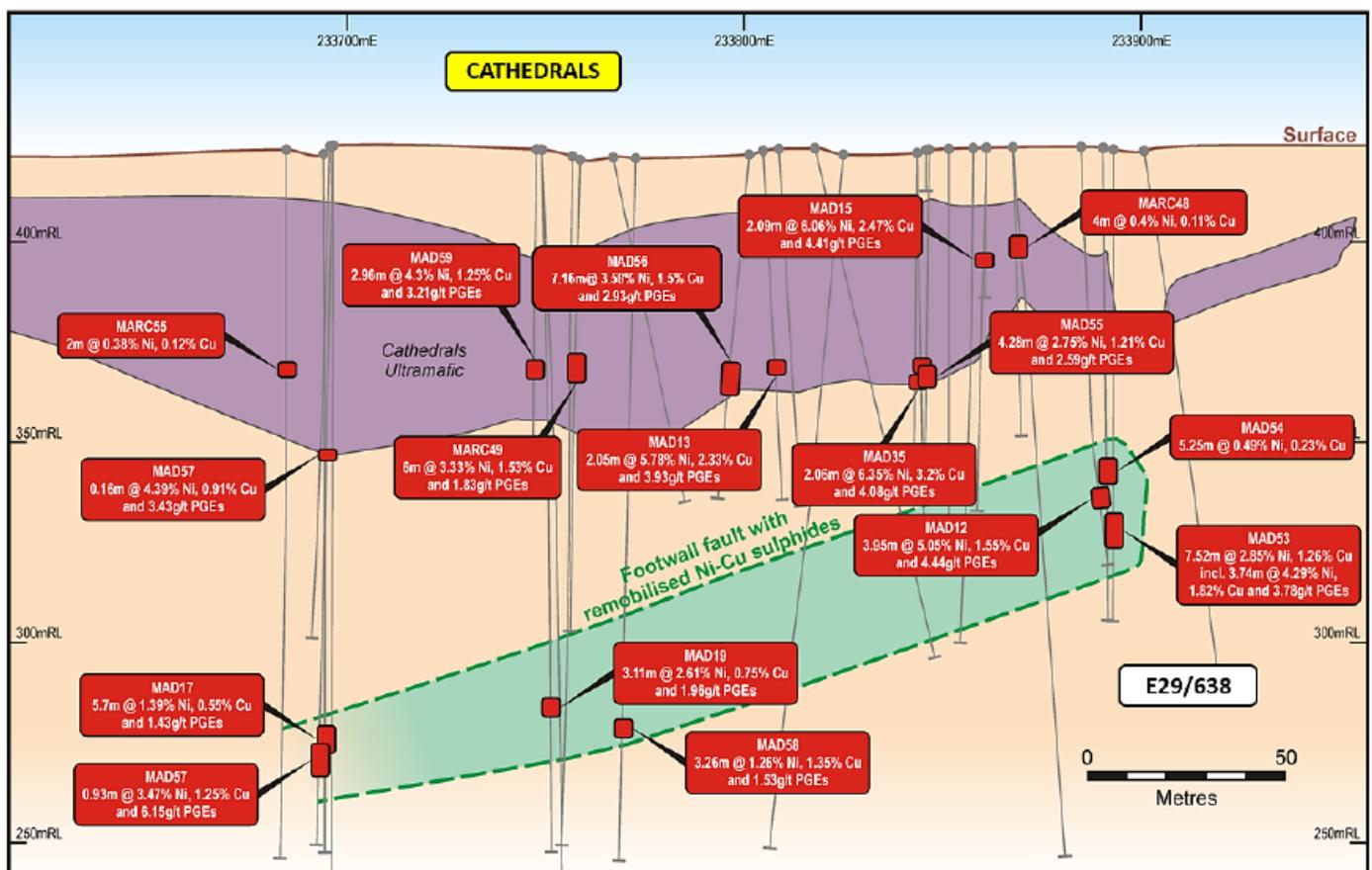
The Eastern Belt is interpreted to be part of this prospective Archaean sequence. Historical exploration by WMC Resources at the Eastern Belt included a soil survey that returned anomalous values indicative of nickel sulphide mineralisation. The large and coherent geochemical anomaly, with a strike of more than 200m and 120m traverse, returned figures of up to 2,010ppm Ni, 100ppm Cu and 245ppm Co. Follow-up drilling was only shallow and interpreted to have been limited in its effectiveness in testing the area.

Initially, five drill holes with an average downhole depth of 150m will be completed by SGQ at the Eastern Belt – at a new prospect named Jailbreak. The holes will test the basal contact of the upper and lower ultramafic units, and will be cased in PVC to allow downhole EM surveys to be completed.

### Cathedrals Belt

Drilling by SGQ has confirmed that high-grade nickel-copper sulphide mineralisation at the Cathedrals Prospect commences from 30m below surface and has formed in two deposits. The upper deposit is largely between 30m to 80m below surface and hosted within the intrusive Cathedrals mafic-ultramafic.

Meanwhile, the lower deposit has formed in the footwall fault and lies between 120m to 200m below surface. In both cases, mineralisation extends for a strike length of more than 200m.



**Figure 3:** Long section of the Cathedrals Prospect (looking north) showing significant intersections and the mineralised zones in the Cathedrals ultramafic and the footwall fault.

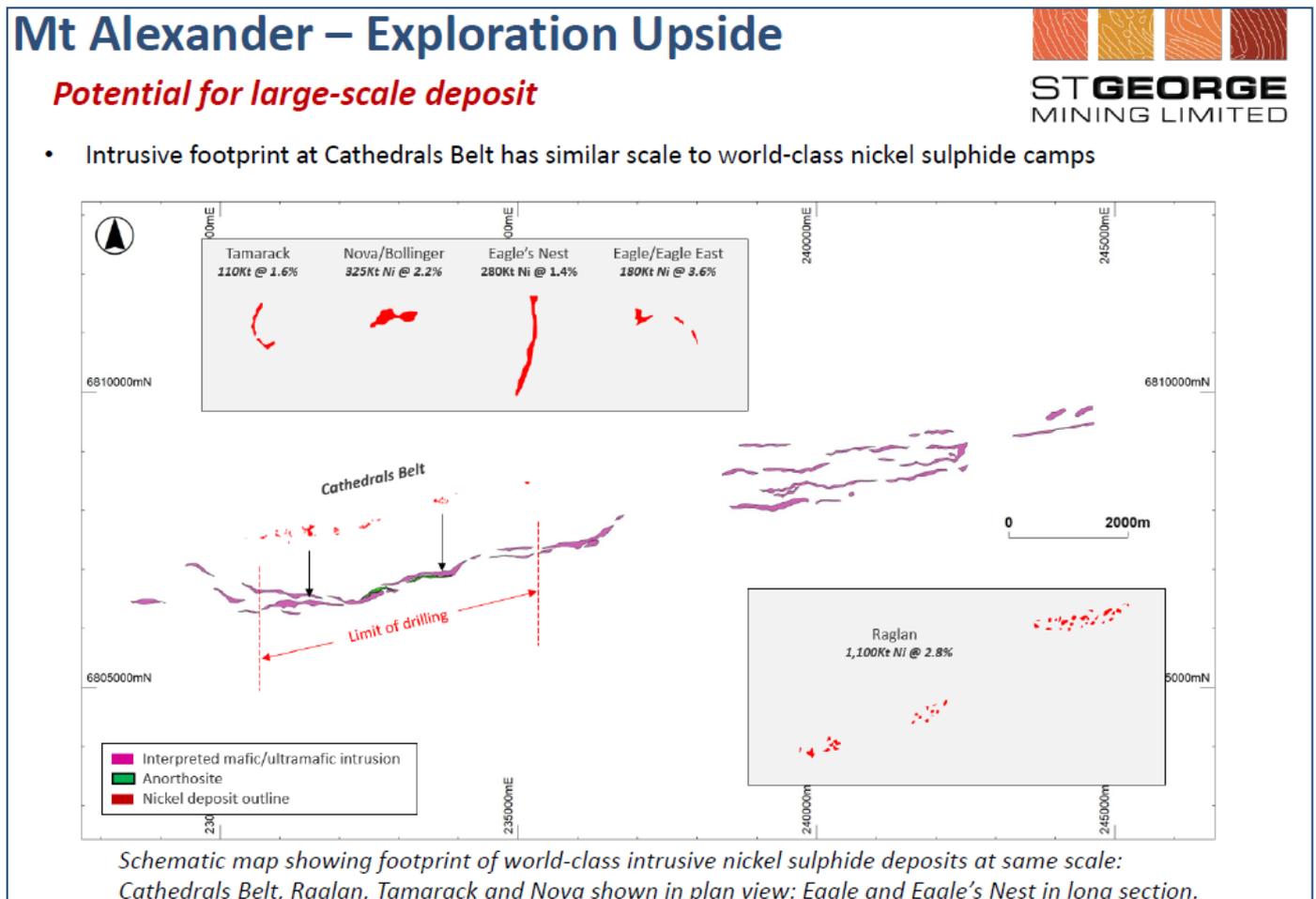
Initially, 20 high-priority holes will be completed with an average depth of 80m to confirm the continuity of the mineralisation in the upper deposit. These holes are also designed to test the potential extension of known mineralisation into areas where there has been no drilling. A number of EM conductors that remain untested are located in these areas and support the potential for the upcoming drilling to identify further high-grade mineralisation.

Additional infill drilling will be designed once results from the high-priority holes are reviewed, with the existing Programme of Works for Cathedrals including approval for up to 82 infill holes.

### Technical Significance

Drilling to date has confirmed that the nickel-copper sulphides discovered within the Cathedrals Belt are part of a large mineralised intrusive system. The intrusive host unit is known to extend for an east-west strike of more than 6.5km from Radar in the east to West End in the west, and to a depth of at least 600m below surface.

There is considerable scope to discover further mineralization, as the unit remains open to the east and west, as well as in the down-dip direction – particularly in the northwest part of the Belt where drilling is currently underway at West End.



The robust intersections in recent hole MAD199 (11.07m @ 1.58% Ni, 0.71% Cu, 1.23g/t total PGEs from 333.5m – including 3.9m @ 3.98% Ni, 1.8% Cu, 3.1g/t total PGEs from 340.67m and including 1.28m @ 6.54% Ni, 2.96% Cu, 3.88g/t total PGEs from 342.12m) represents the deepest occurrence of massive nickel-copper sulphides drilled in the Belt so far and also the western-most occurrence.

The result in MAD199 is significant in confirming the prospectivity of unexplored and underexplored areas of the Cathedrals Belt for further high-grade mineralisation, particularly at depth and to the west.

The first step-out hole from MAD199 was MAD201, which intersected a 16m thick intrusive unit from 21.95m downhole - including a 2.4m interval of nickel-copper sulphides from 434.6m. The downhole EM survey in MAD201 identified three very strong conductors located up-dip towards the high-grade intersection in MAD199. The conductors are modelled with conductivity of 120,400 Siemens, 30,000 Siemens and 23,000 Siemens, respectively. This supports the potential for the presence of more massive sulphides along the 125m down-plunge extent between these two drill holes.

## **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 six granted exploration licences – E29/638, E29/548, E29/962, E29/954, E29/972 and E29/1041 – which are a contiguous package. A seventh granted exploration licence – E29/1093 – is located to the south-east of the core tenement package.

The Cathedrals, Stricklands, Investigators and Radar nickel-copper-cobalt-PGE discoveries are located within E29/638, which is held in joint venture by St George (75%) and Western Areas (25%). SGQ is the Manager of the Project, with SWA retaining a 25% non-contributing interest in the Project (in regard to E29/638 only) until there is a decision to mine. All other project tenements are owned 100% by SGQ.

BHP Billiton Nickel West made the first discovery of high grade nickel-copper sulphides at Mt Alexander, with drill-hole MAD12 that intersected 3.95m @ 5.05%Ni, 1.55%Cu, 0.11%Co and 4.44g/t total PGEs from 91.4m. SGQ has continued this exploration success with further shallow high-grade discoveries at the Stricklands, Investigators and Radar prospects.

Preliminary metallurgical test-work confirmed that Mt Alexander will produce a high value saleable concentrate that will be sought after by smelters. Grades achieved in this test were 18% nickel and 32% copper plus high values for cobalt and PGEs that will provide valuable smelter credits. The PGEs included 9g/t Palladium and 1.2g/t Rhodium.

The project's location 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. This is even more significant given BHP's recent enhanced focus on its Western Australian nickel division (NickelWest). BHP recently signed a nickel supply agreement with Tesla under which the electric car maker will source much of its requirements of the key battery mineral from BHP's Nickel West

operation. BHP will also add a concentrator at its Mount Keith processing plant to increase capacity by up to 50% cent to 15 million tonnes per annum. It will also start production of nickel sulphate, which has higher margins than nickel metal - in the September quarter.

BHP has also lifted its resource base through the acquisition of the Honeymoon Well project and is constructing a new underground mine. The company last month agreed to build two solar farms and a battery storage system near the Mt Keith and Leinster operations in WA to reduce its emissions there.

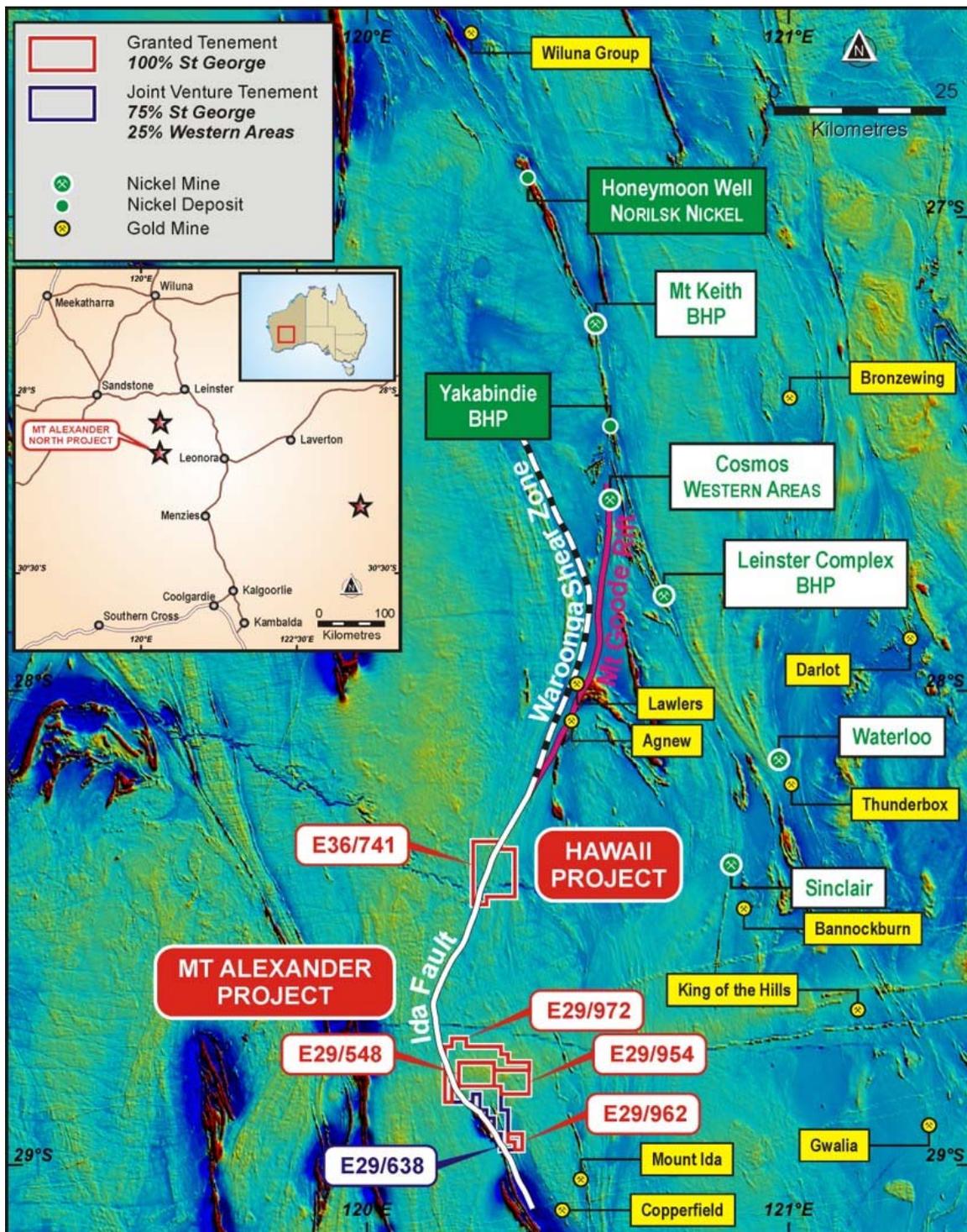


Figure 4: Mt Alexander project location.

## Summary

***The company's systematic exploration efforts at Mt Alexander have created confidence that the extensive intrusive mineral system – already identified over an east-west strike of 6.5km – has potential to host significant mineralisation at depth.***

***SGQ boasts a 100% success rate in confirming EM conductors as nickel-copper sulphides, so there is reasonable confidence that ongoing drilling will deliver further discoveries.***

***The style of mineralisation at Mt Alexander is very rare – as the combination of high-grade nickel, copper, cobalt and platinum group metals is not seen anywhere else in Australia.***

***The challenge now is for SGQ to translate its exploration success into something commercial, which is what the market has been patiently waiting for. The bonus for SGQ would not just be a potential re-rating, but added corporate appeal based on growing consolidation within the Western Australian nickel sector (i.e. potential Western Areas/IGO tie-up) as a result of BHP's renewed focus on the metal.***

***SGQ remains within our coverage Portfolio.***



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