

Monday 11<sup>th</sup> March, 2019

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### Portfolio Stock Developments

**St George Mining** - (ASX: SGQ, Share Price: \$0.155, Market Cap: \$46m, coverage initiated @ \$0.175 in May 2016)



### Key Catalyst

***New geophysical surveys completed at the undrilled Fairbridge Prospect have confirmed several conductive targets that have been prioritised for drilling in the current RC drill program.***

SGQ has figured prominently in our coverage universe since our initiation in May 2016, with the company remaining strongly committed to regional exploration at its Mt Alexander project in WA's goldfields region. The composition of the mineralisation at the Cathedrals Belt, with its 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 the typical Kambalda-style extrusive deposits. SGQ set the market alight during late 2017 on the back of exciting high-grade drilling results that intersected nickel-copper-cobalt-PGE sulphides. Preliminary metallurgical test-work has confirmed that Mt Alexander will produce a high-value saleable concentrate that will be sought-after by smelters, with grades of 18% nickel and 32% copper, along with high values for cobalt and PGEs that will provide valuable smelter credits.

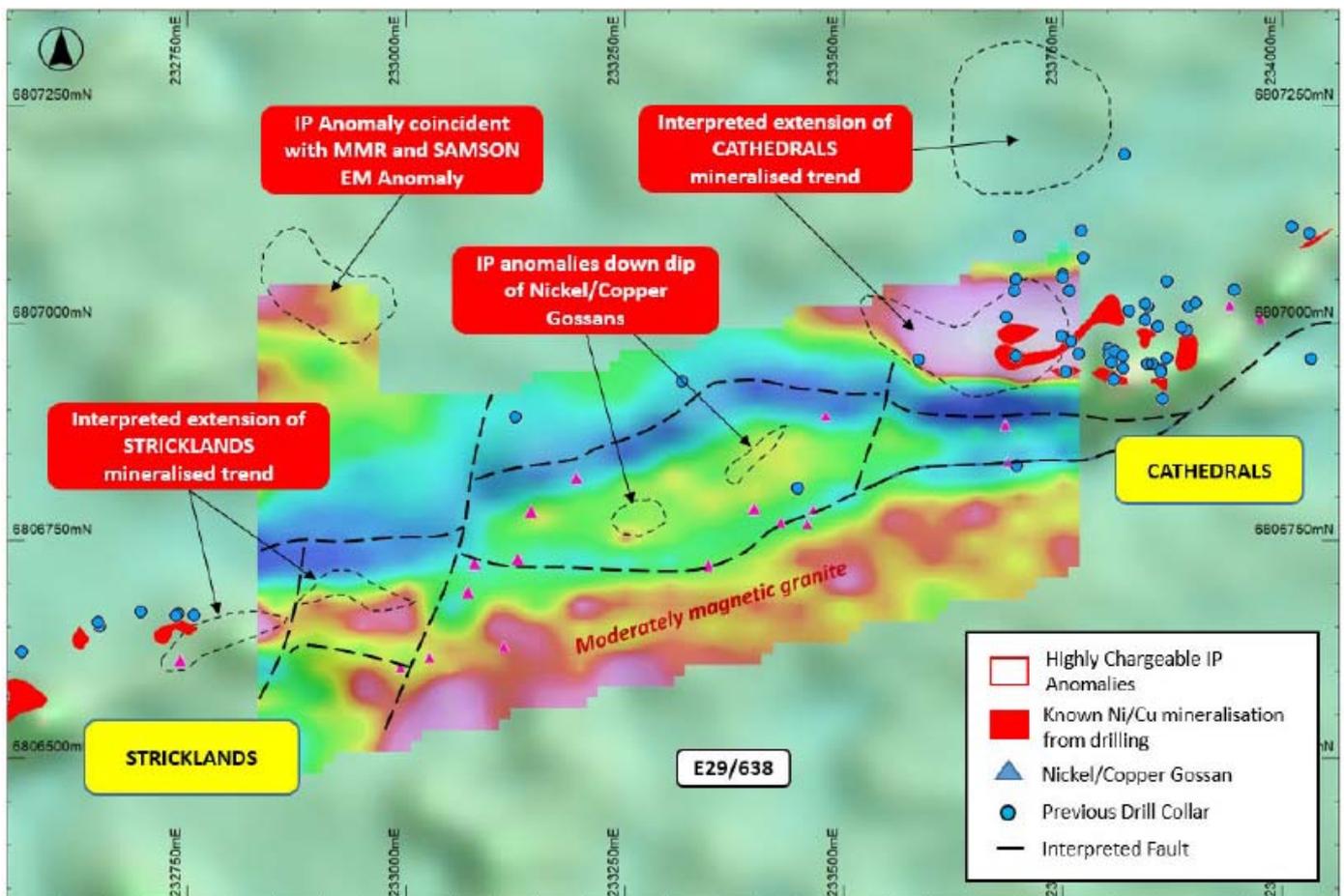
## Latest Activity

### Mt Alexander Exploration Update

SGQ recently completed an extensive surface geophysical program at its Fairbridge prospect, which included high resolution Magneto-Metric Resistivity (MMR) and Induced Polarisation (IP) surveys. In addition, a review of previous surface EM data was also completed, including a 2017 fixed loop SAMSON survey.

Encouragingly, modelling and interpretation of the geophysical data by Newexco in conjunction with SGQ's own technical team, has identified numerous highly prospective targets that warrant priority testing.

Interestingly, the targets have electrical signatures consistent with sulphide mineralisation and the potential to be associated with previously observed surface nickel-copper sulphide gossans, and/or the highly mineralised ultramafic units drilled at the adjacent Stricklands and Cathedrals Prospects.



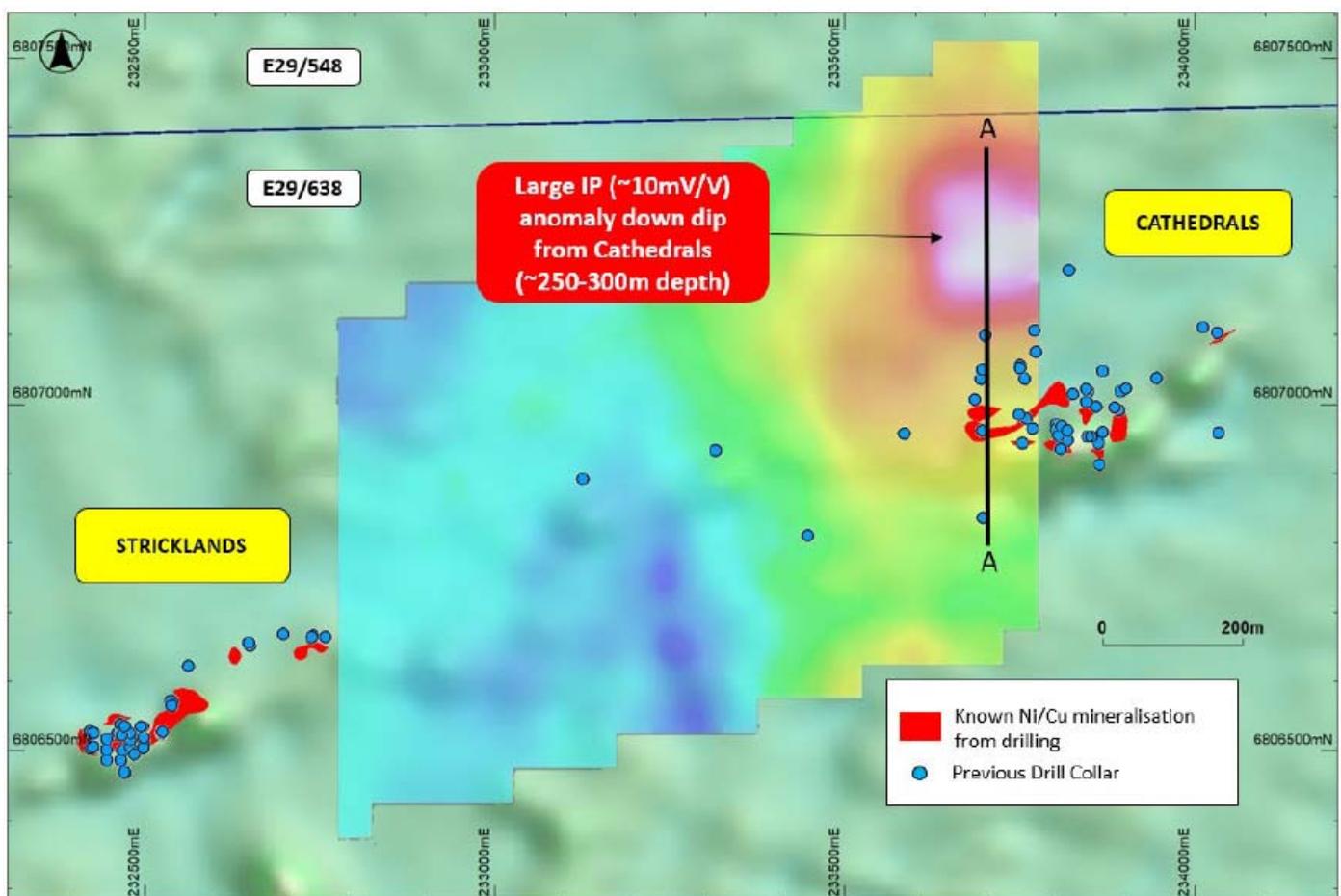
**Figure 1:** Map of the Fairbridge Prospect highlighting new geophysical targets for drill-testing (set against X component Channel 28 MMR data overlaying RTP magnetics).

## Technical Significance

The Fairbridge prospect covers a 1,000m east-west strike of the Cathedrals Belt, and is abutted by the Stricklands Prospect in the west and the Cathedrals Prospect in the east.

Significant discoveries of nickel-copper sulphides have been made by SGQ at the Stricklands and Cathedrals prospects, but Fairbridge to this point remains undrilled. Interpretation of new geophysical data indicates that the mineralised ultramafic units drilled at the Stricklands and Cathedrals prospects continue into the Fairbridge area and extend down-plunge to the north.

Numerous nickel-copper sulphide gossans have been identified at Fairbridge making it a compelling area for further exploration. Drilling at Fairbridge will commence in the coming days.



**Figure 2:** Map of the Fairbridge Prospect showing IP (chargeability) depth slice at 125RL (~300m from surface)

From a broader perspective, the MMR data has accurately mapped the Cathedrals Fault, which is the structure that bounds the mineralised corridor of the Cathedrals Belt. The Fault is shown as continuing through the Fairbridge area.

The Stricklands ultramafic can be traced to the east of the known nickel-copper sulphide mineralisation at Stricklands for 200m into the Fairbridge area. The ultramafic extending into Fairbridge appears to be

faulted, creating two distinct units. A large conductive feature has also been identified from the MMR data approximately 500m down-dip to the north of the known nickel-copper sulphide mineralisation at Stricklands.

At the Cathedrals Prospect, the MMR data has mapped the lower ultramafic unit as extending west into Fairbridge for approximately 100-150m, and at depth to the north for approximately 120m beyond the limit of current drilling.

## **Project Overview**

The composition of the mineralisation at the Cathedrals Belt, with its elevated copper-nickel ratio, cobalt and PGE values and basalt host rocks, is more akin to an intrusive mineral system - rather than the typical Kambalda-style extrusive deposits in the Yilgarn.

Geological mapping carried out within the Cathedrals Belt during 2017 by Rodinia Geological Services Pty Ltd on behalf of SGQ identified a suite of 'young' intrusive rocks associated with nickel-copper mineralisation. The mapping report commented that: *“The suite of rocks identified, their unique characteristics and the style of mineralisation present suggest a picrite and/or tholeiitic basalt-related (or 'conduit-related') Ni-Cu+- PGE model, such as the Noril'sk-Talnakh, Voisey's Bay and Eagle Deposits.”*

The Raglan deposits in Canada are also an example of an intrusive style nickel sulphide deposit. Intrusive deposits of this kind often contain multiple mineralised positions, which can be linked.

## **Summary**

***Existing exploration has been focused on a 4.5km strike of the Cathedrals Belt, where high-grade discoveries have been made at the Investigators, Stricklands and Cathedrals Prospects. But new prospects are now being targeted, including Fairbridge, West End and Fish Hook.***

***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 will remain held within our coverage Portfolio.***

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